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Latin America

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Colombia

AFP reports on the safe release of a U.S. engineer, who was kidnapped by FARC guerrillas 26 days ago.

El Salvador

In a telephone interview with Tegucigalpa radio, President Cristiani asserted that reports of FMLN guerrillas being given land in the disputed border area with Honduras are "completely false." The Honduran people "can trust the Salvadoran Government to respect" bilateral agreements, as well as "whatever ruling is handed down by the ICJ."

Brazil

O ESTADO DE SAO PAULO carrries the text of an agreement signed by the Brazilian Government in Paris on 26 February. Representatives had met with members of the Paris Club creditors on 24-26 February to examine Brazil's petition for relief in the servicing of its foreign debt.

Cuba

Havana radio quotes a lengthy editorial from the 3 March edition of GRANMA, addressing the campaign for the Republican presidential nomination in Florida. GRANMA says that Patrick Buchanan has taken the stand that if he were elected "the days of communism in Cuba would be numbered. That is, Mr. Buchanan has promised the counterrevolutionaries that he will launch an invasion of Cuba." By contrast, "voters of Cuban origin are being sold a prophetic, pacifist Bush, an enlightened hardliner, intransigent and benevolent at the same time, willing to spare our lives and capable of promising aid to rebuild capitalism in Cuba." Bush can behave as he wishes, "but the fate of the Cuban people is not hostage to the nauseating Yankee-style presidential campaign," says GRANMA.

See the Latin America Supplement on Cuba published on 4 March, entitled, "Castro Remarks at Conference on 1962 Missile Crisis, 9-12 January 1992." The supplement is devoted to remarks and a speech by Fidel Castro, carried on a special Havana TV program called "Reflections on a Crisis," about the tripartite conference on the 1962 missile crisis held in Havana.

Conference on Government Corruption, Fraud Held

FL2802021292 Bridgetown CANA in English 2120 GMT 27 Feb 92

[Article by Paget Defreitas]

[Text] Kingston, Jamaica, Feb 27, CANA—Peru's president and Jamaica's justice minister Thursday acknowledged the presence of corruption and fraud in the public sector, but said the problem was under concerted attack in their countries.

Alberto Fujimori addressed Peru's problem from a conferencne centre in Miami and his remarks were beamed to about 30 countries in Latin America and the Caribbean as part of the second Inter-American teleconference on corruption and fraud in government. In Jamaica, Justice Minister K.D. Knight addressed local participants ahead of the foreign link-up.

"It is globally recognised that fraudulent activities do exist in government at various levels," Knight declared. But he said that the Jamaica Government would strengthen its present anti-corruption mechanisms with new legislation modelled on law introduced in Hong Kong.

"In Peru, from its inception, the state has been a corrupt one," Fujimori told his hemispheric audience. But the Peruvian president said the great task of dismantling corrupt structures, which had helped to enrich a privileged elite, begun with his election in 1990.

He said: "Corruption and fraud can be eliminated from government if we start from the top without fear or favour."

From Panama City, that country's controller general, Reuben Carles, argued that Panama was still feeling the social and economic consequences of a long and corrupt dictatorship that ended with the overthrow of Manuel Noriega.

"The military action taken was a quick one (but) changes from a long dictatorship is a transition which is slow," Carles said.

Fujimori noted that in a country such as his, democracy, with its respect for due process and a commitment to free speech and press freedom, can be manipulated to the benefit of fraud and corruption.

The "mercenary press," Fujimori said, defended the economic interests of the "privileged elite" who peddle corruption, fraud, influence, and blackmail. And if a government such as Peru's pointed to these things, he argued, it was accused of attempting to stifle press freedom.

"This does not invalidate democracy," he said. "But it alerts us to the nature and depth of the problem being confronted."

His administration has been able to begin the process in Peru, Fujimori said, because he was not aligned to any political party and could take action without partisan political considerations. He also made a case for economic liberalisation as a tool to help in the elimination of fraud and corruption: The less buraucracy, the less influence there was to peddle and the fewer people to bribe.

Knight put some of the onus of fighting fraud and corruption on a vigilant public, pressing for reform and itself desisting from bribing public servants. There must also be transparency in government activities—a direction in which the Jamaica Government was moving increasingly, Knight said.

"The more transparent the activities of government become, the less likely the scope for fraud and corruption," he added. While governments, including Jamaica's, had various anti-corruption legislation and mechanisms, they could not work without broad public support.

Said Knight: "Citizens must outright refuse to pay bribes.... "This kind of vigilance must be exercised if anti-corruption legislation is to be effective."

Further on Conference

FL2802235092 Bridgetown CANA in English 2210 GMT 28 Feb 92

[Text] Kingston, Jamaica, Feb 28, CANA—Caribbean and Latin American leaders are agreed on a major ingredient in any fight against public sector fraud and corruption in the region: people power. This need for a vigilant public, unwilling to tolerate corrupt officials, was a theme that ran through discussion Friday on the second day of a hemispheric conference on the issue in which participants from 30 countries are linked by satellite.

Bruce Golding, Jamaica's shadow finance minister and the chairman of the public accounts committee, and Argentine president, Carlos Menem, were among the participants who underlined the importance of concerted action by citizens. Golding, speaking to Jamaican delegates during a local segment of the conference, underlined a range of measures which governments and institutions can take to curb fraud and corruption. Among these, he noted, were a reduced bureaucracy, transparency in government actions, strict rules of accountability, clear guidelines on integrity, and a free and independent judiciary and vigiliant press.

But, like Justice Minister K.D. Knight when he addressed the same audience Thursday, Golding argued that in the final analysis much would depend "on the tolerance threshold of the wider society."

"Their effectiveness can be undermined if the society at large is ambivalent, tolerant, and practices double standards," said Golding, who is also chairman of the opposition Jamaica Labour Party.

Menem, who suggested that he was attempting to reform a state rife with corruption, placed a major burden for fighting fraud, and corruption on citizens. In this scenario he argued the case for a free press as an extension of the right to freedom of speech and the citizens' capacity to speak out against wrongs.

Said the Argentine president: "We have asked people to avail themselves of opportunities to report the facts as they know them...."

"In order to do this we need to have the widest access to the freedom of the press."

Menem's line and the attempt to use "people power" to ensure public probity in Argentina were earlier elaborated on by Luis Moreno Ocampo, a prosecuting attorney at the country's National Court of Appeals. He pointed to programmes aimed at mobilising a wide cross section of Argentinians—down to the level of attempting ingraining anti-corruption attitudes into young people—into action.

"We are attempting to use citizen power, without using political power," Ocampo said. He, however, said that such citizen action groups were not aimed at removing political institutions.

They helped, he argued, to urge political institutions to strengthen themselves against corrupt practices.

"We are proving that the management cost of a country with a significant degree of corruption can be very high.... that development is not compatible with corruption," Ocampo said.

Attempts to apply individual ethics only against national corruption, he suggested, were not enough for the individual was often made to believe that the person who did not bribe lost out.

"That's why we need solidarity action," Ocampo declared.

* Businessmen Promote Latin American Integration

92SM0267A Santiago QUE PASA in Spanish 27 Jan 92 pp 36-37

[Report by Maria Teresa Aguirre: "Private Club"]

[Text] A mutual fund which will have $100 million in capital and will offer shares in the leading Latin American businesses is to be launched in New York soon. This is a project of the Business Council of Latin America (CEAL), and it marks the beginning of a new stage in the integration process, in the hands of private businessmen in this instance.

The CEAL is not so much a new entry into the field of failed integration efforts as it is a meeting point for high-level businessmen who want to break down the commercial barriers hindering the operations of the Latin American international companies. With an elite membership, it only accepts the owners or principal stockholders in the businesses of greatest size in each country, thus excluding international companies with headquarters outside the region. Membership is by invitation only, with the approval of all the members, and only representatives of countries with more than 15 members can be considered for membership on the executive board. The organization has 230 members who pay an annual fee of $1,000. The Chilean chapter of the CEAL includes Anacleto Angelini, Eliodoro Matte, Carlos Abumohor, Wolf Von Appen, Roberto de Andraca, Manuel Feliu, Carlos Cardoen, Ricardo Claro, Alvaro Saieh, Pedro Ibanez, and Eduardo Guilisasti.

The concept developed in Argentina in 1988, when that country signed a trade integration agreement with Brazil. "Brazilian-Argentine integration offered excellent opportunities, and we decided to organize a meeting with Brazilian businessmen to determine the forms of cooperation within this project," Federico Zorraquin, one of the sponsors of the initiative and the current director of the Argentine chapter, recalls.

As further meetings were held, more businessmen began to attend. In 1989, it was decided to organize the CEAL as a focal point for meetings of business leaders. After the second year, the members analyzed the possibility of expanding the movement. They invited industrialists from Chile, Peru, and Venezuela to attend their meetings, and, eventually, they decided to extend their horizons farther northward, in order to include Mexican representatives.

Today the CEAL, whose members account for 50 percent of the continental GDP [gross domestic product], has a board made up of seven members—Argentina, Brazil, Chile, Venezuela, Colombia, Peru, and Mexico. Each country has a chapter with a coordinator, a titular director, and an alternate director. The members meet once a year at the headquarters, which rotates among the various chapters, with the representative of the host country serving as president. In addition, the board holds at least four other meetings a year to discuss various issues, and each chapter submits a report twice a month on its national economy.

With the growth of the CEAL, the goals have been expanding. "It is possible to unify the influence of the various groups in order to promote business integration and regional cooperation in the energy field, on road and industrial infrastructures, and on the exchange of technology, thus deriving benefits from the advantages offered by each country and achieving a higher level of competition both within the region and outside it." These are some of the possibilities Manuel Feliu, director of the Chilean chapter, sees in the CEAL.

One of the concerns of the group is the change presently occurring in the world trade structure, which are putting an end to the benefits of protectionism and closed economies. "The business sector can only develop in a

competitive market, by utilizing the individual advantages offered. This is what the blocs are seeking to do—to use the resources of their economic zones efficiently in order to compete with the other blocs," Feliu says.

The members of the CEAL want to encourage the opening up of frontiers. This is the reason the club has also made itself a center for meetings with the authorities. At the two annual meetings which have been held (in Rio de Janeiro in 1990, and in Buenos Aires in 1991), President Menem, Chilean Minister of Finance Alejandro Foxley, Argentine Minister of Economy Domingo Cavallo, and Mexican Minister of Finance Pedro Aspe attended as invited guests.

Now the organization plans to go beyond the continental boundaries. Manuel Casanueva, coordinator of the Chilean chapter, explains that the American Society, the Council of Americas, and a Canadian business organization have sponsored a meeting in Washington to analyze various issues within the framework of the Americas Initiative. "We hope that at least a hundred Council members will attend," Casanueva says. And he adds that "ideally, we would become an organization representing the interests of our continent and dealing with its counterparts in Europe and the United States." The importance of the group is unquestionable. The meeting in Washington will be attended by President Bush and the presidents of large international companies, including General Motors, IBM, and Xerox. This is an indication that it is not only the United States Government which is interested in cleaning up its backyard. The private sector, as well, is aware that the southern portion of the hemisphere offers incomparable opportunities for excellent business in the short run, especially now that the majority of the governments are involved in reorganization and liberalization plans. It suffices to recall that consumer demand in Latin America doubles every 15 years.

But in this instance, the North-South dialogue might be organized on unprecedented foundations. "We are persuaded that Latin America will win much more important positions on the world markets if it begins to present itself as a bloc. I am not speaking necessarily of the EEC [European Economic Community] model, which has some level of internal protectionism, but rather of a great trade movement among the countries involved in the bloc, pointing toward unification in the long run," Zorraquin comments enthusiastically.

The Group of Seven

The executive board of the CEAL includes a mixture of the most important businessmen on the continent.

Mexico

Antonio del Valle, the titular director and president of the Council, heads the Prime group, which operates in the financial, chemical, amd textile sectors. Its consolidated sales total $150 million, and its companies employ more than 1,500 individuals.

Eugenio Clariond is the alternate director. His group, the IMSA, is involved in the metal-mechanical, construction, packaging, automotive-parts, and trade sectors. The group has 10,600 employees, and its annual sales total $610 million.

Brazil

Roberto Teixeira is the titular director. He is affiliated with Brasilpar, S.A., a holding company, which is involved in trade activities and the service sector, as well as having businesses in the fields of journalism, data processing, and the chemical industry.

Guilherme Frering, the alternate director, heads the CAEMI [Mining Enterprises Assistance Corporation] group, whose operations center on the mining sector (iron, manganese, chromium, bauxite, and kaolin) and the forestry sector (cellulose amd paper). Its sales exceed $800 million.

Chile

The titular director, Manuel Feliu, was formerly president of the Sonami [National Association of Mining] and the Production and Trade Confederation. He is president of the Concepcion Bank, which is involved, in addition to the financial sector, in the mining, industrial, agricultural, and foreign-trade sectors.

Eliodoro Matte is the alternate director. He is vice president of the Paper and Cardboard Manufacturing Company (CMPC). It is active in the forestry and cellulose sector, manufacturing, real estate, and the financial, investment, and insurance fields, among others. The CMPC has 22 branches and 13 associated enterprises. The group has sales of more than $600 million, and the number of persons employed exceeds 8,400.

Colombia

The titular director is Adolfo Carvajal. He and his brother head the largest publishing group in the country. It has diversified into the fields of packaging and office equipment. Currently the holding company has 20 branches in Latin America and the United States, and its sales total $600 million.

Nicanor Restrepo is the alternate director. His holding company is involved in the insurance, food, banking, textile, tobacco, construction, garment, and chemical fields. Its sales exceed $1.8 billion annually.

Venezuela

Roger Boulton is the titular director. The Boulton group is involved in maritime and air transport; the oil, petrochemical, and cement industries; automobile and farm-machinery sales; insurance; and the financial market. It provides jobs for 12,000 individuals, and its sales total $300 million.

Eugenio Mendoza is the alternate director. The mother company is Venezuelan Cement. The holding company includes 17 metal-mechanical enterprises, along with others in the cement and concentrated-foods sectors; the financial market; and the insurance field. The group has 23,000 employees, and its sales total $1 billion.

Peru

Walter Piazza, the titular director, heads the Cosapi group. It is involved in the fields of construction, data processing, real estate, and trade.

No alternate director has been chosen.

Argentina

Federico Zorraquin is the titular director. He heads the Carovaglio and Zorraquin group, which has interests in the mining, petrochemical, and insurance sectors, as well as the textile industry. The group has 2,000 employees and consolidated sales of $610 million.

The alternate director, Enrique Ruete, heads the Argentine Roberts group, which has interests in the financial market and the insurance sector, as well as investments in textile, fishing, footwear, and construction enterprises. The sales of the group total $700 million, and it employs 1,600 individuals.

Cuba

GRANMA Editorial on Bush Views of Cuba

FL0303154192 Havana Radio Rebelde Network in Spanish 1304 GMT 3 Mar 92

[GRANMA editorial of 3 March: "George Bush's Anti-Cuban Policy: Stagnation, Double Standard, and Astrology"]

[Text] George Bush has put his signature on an article that appeared last week in the Miami NUEVO HERALD. The article was devoted to disseminating his thinking about the Cuban Revolution, and it merits a few reflections, even though most of it is repetitive, banal, and breathes such an obvious electioneering purpose that it seems more like a paid announcement. In Mr. Bush's favor, we should admit right away that, following in his predecessor's steps, he has not acknowledged at any time the puerile call for a new political mentality in the name of which the first to become demoralized were, almost without exception, the governing communist parties in Eastern Europe.

Both Reagan and Bush have been consistent. The time of change, renewal, a new era, the new world order, what Bush himself calls in a sibylline way the revolution of 1989, exclusively concerns those the United States considered or considers, as is the case with Cuba, their historical adversaries. While others have to change, decide whether to collapse or disappear, as was the case with East Germany, or explode, as is happening with the multinational Soviet Union, the Yankee rulers boast of an unchanging fundamentalism, which some of their closest allies are not willing to go along with in any case.

Nevertheless, to understand this Miami incursion into the Cuban question, we must put ourselves in the U.S. President's place and keep in mind the disloyal competition his opponent in the contest for the Republican nomination has been carrying out in the state of Florida. Without wasting a moment, from the very beginning Pat Buchanan has taken the stand that if he were elected—and he stated this before a stunned audience—the days of communism in Cuba would be numbered. That is, Mr. Buchanan has promised the counterrevolutionaries that he will launch an invasion of Cuba.

Leaving cheap boasting aside, Bush's reelection campaign strategists believed that they should not waste any time, and they presented their candidate with an insipid text—as these impersonal products of the bureaucratic machinery tend to be—to which the head of the White House must have added his recognizable broadsides, especially the delirious ravings of his recent conversion to astrology. Against the image of Buchanan's anticommunist crusade with Torquemada-style accoutrements, the craftsmen of Bush's propagandistic messages chose to stick to historical fatalism. If all the others—read the European socialist states—including the former USSR, capitulated, Cuba cannot be an exception.

Thus, in the article attributed to President Bush, there is an appeal to a more pragmatic and cautious Messianism, offering in a second term what has not been accomplished in the one that is ending, even with the aid of a virtual second embargo. For a Buchanan on the alert for any slip, it could turn out to be a classic case of shooting oneself in the foot. Bush's rival, for his part, is falling into the same jingoistic practice, avoiding the domestic problems that so harass his opponent. Or is it that the lengthy recession and increasing unemployment, which are wreaking havoc, especially among the Hispanic population, will be resolved by wiping out the Cuban revolution?

With the text published in Miami, Bush is trying to undercut Buchanan's inflamed rhetoric and suggest a more economical and feasible alternative in light of the European experience. It is not necessary for the United States to intervene directly to force events. In Cuba's case, it will be enough to strengthen the embargo and increase the pressures of all kinds. The argument against Buchanan's opportunistic crudeness is not any less demagogic: avoiding a bloodbath. That is a merit that, according to the article in question, belongs to Bush, who, in contrast to the desire for vengeance that his competitor is feeding among the counterrevolutionaries, has—and we must acknowledge this, in all truth—taken a much more intelligent position.

Borrowing the language of our reformists, guided in this case by their instinct for self-preservation, Mr. Bush hopes that we will have a peaceful, orderly process without bloodshed. Thus, the voters of Cuban origin are being sold a prophetic, pacifist Bush, an enlightened hardliner, intransigent and benevolent at the same time, willing to spare our lives and capable of promising aid to rebuild capitalism in Cuba. This same aid is what the deluded in Russia—if there are any left—continue to wait for. He does not mention a single word about the profound economic crisis the United States is suffering from, with a budget deficit of $400 billion announced for this year, nor that that country needs an enormous amount of foreign currency to prevent a catastrophe.

Of course, the litany of free elections, which is more cynical than dogmatic, is not lacking, this time with the blustering format of a challenge. Someone could ask: Why does the United States, if it upholds the divine and planetary nature of the system of government it demands of Cuba, maintain close relations and establish strategic alliances with nations and governments where such a system, or even anything similar, is not even thinkable? The imperial edict of Yankee-style elections with international oversight, which Bush demands of Cuba, is not, according to the pamphlet published in the HERALD, a condition for the restoration of normal and civilized relations between the two countries, as Secretary of State Baker does not tire of repeating, but rather a simple expedient, a procedure, for displacing the communists and patriots from political power in our country, because in such elections the revolution's candidates would be defeated.

Bush thus takes on a compromising role as a guru, which becomes more ridiculous and less credible as his actions and speeches make it clear that his uncertainty regarding his chances of getting the Republican nomination, in spite of the obvious advantages provided by having control over the executive branch, has turned to fear, and now one can seen signs of panic. Anyone can realize the tight spot the great marshal of the Persian Gulf now finds himself in. There the West's military might tested its most modern weapons and had at its complete disposal a firing range where, in spite of overwhelming superiority in their favor, they made not a few bungles, and in several episodes caused considerable casualties to their own troops.

The fanfare has dissipated, and the jingoistic wave has yielded to the realities of a sick economy in retreat, growing less and less able to confront the challenge of the rival economic powers, on the threshold of a new division of the world. In the HERALD, as the astrologers usually do for their credulous readers in Florida—an audience that wants to hear exactly this—Bush announces fatalistic predictions about the imminent collapse of the Cuban revolution. The prophecy arises from a logical triumphalism. It would be impossible to ask or expect any other reading of world events during the last five years by the U.S. ruling elite. All their policies concerning Cuba obey this apocalyptic prediction by oracle Bush and the seers that advise him.

They would have to cease to exist to understand that while a specific historical experiment in building socialism has failed in a specific geopolitical milieu, causing the hardest and deepest setback in the entire history of the revolutionary movement in the final years of the 20th century, the capitalist utopia of general well-being has failed as a social system throughout the world, given its historical responsibility for backwardness, poverty, inequality, and, in short, underdevelopment and hunger. If capitalism has shown anything with all the wealth of the highly industrialized societies, it is its inability to find a solution to humanity's problems, needs, and dilemmas.

Since Mr. Bush found the time to talk about Cuba, he could have explained to Florida readers why our country's health indexes are better than those of all the Latin American countries, are the best in the Third World, and in one fundamental respect —infant mortality—we surpass by far that of Washington, the capital of the empire. Sooner rather than later, the international community will have to defy U.S. hegemony and, even in the context of unipolar military and political domination, will have no alternative but to confront, outside or against U.S. ambitions for geopolitical and economic primacy, the enigmas and dangers presented by the convulsive and often tragic processes to restore capitalism, ethnic conflicts, national antagonisms between countries possessing nuclear weapons, fanaticism, and xenophobia.

Bush may believe his own prophecies. It is the role of the Cuban people to prove that he is deceiving himself, and especially that he would make the greatest miscalculation of his life if he tried to impose his imperial designs on our people. Meanwhile, it remains to be seen whether the American people will succeed in attaining respect for their opinion. Only a few weeks ago, the U.S. press published the results of a survey on the crucial aspects of the historical confrontation between the United States and Cuba, carried out by a bipartisan organization in that country that is above suspicion. According to this survey, a majority of Americans would support an approach to relations with Cuba in which there is no room for myths or bogeymen.

We can assume that when the article was written, Bush and his coauthors found themselves in the dilemma of whether to completely ignore that revealing survey or to send a message to potential voters. They chose the latter, and in two places in the text, the marshal of the Gulf categorically states: There will be no normal relations with Cuba, and we have absolutely no intention of agreeing to any kind of normal relations.

Otherwise, who is that message for? Who has asked Bush for that charity? On whom is he slamming the door? No one in Cuba has thought of such a request, not even the little revolutionary groups whose defense Bush has almost tenderly taken on. When recalling that during the collapse of the governments in Eastern Europe voices were raised urging him to take political advantage of the deteriorated situation of those countries, Mr. Bush identifies Buchanan with that same fever, and replies with the repertoire that shows his determination to maintain pressure on Castro.

Thus, with the easy manner that can be allowed, especially since the United States has been left suddenly alone, without having anyone to aim its strategic missiles at, he lists his anti-Cuban misdeeds, from radio broadcasts and an invisible television station to a series of measures to make the embargo—read blockade—stricter and to restrict Castro's capacity to obtain hard currency. Hooray for that proverbial example of the new political mentality and very new world order! But Mr. Bush knows the difference between the tolerance his allies grant him so he can solace himself in his role as hangman and the growing resistance to losing legitimate opportunities to establish economic and trade relations with Cuba.

Astrology does not reach that far, and the White House has no alternative but to phrase very carefully its call to our democratic allies and friends; it can only beg them not to replace the aid the Soviet Union gave to Cuba in the past by offering them economic aid and preferential trade agreements. Cuba is not asking, nor does it expect, the friends of the United States to give aid, economic support, or preferential agreements. Cuba trusts that more than a few of them will be independent enough not to forbid their nationals from maintaining and developing civilized, mutually beneficial economic and trade relations with a Third World country where thanks to the revolution, in spite of the double embargo it is subject to,

there are serious, fully guaranteed opportunities for entrepreneurs with talent and virility.

With simulated humility, Bush notes: Let me also comment about certain reports recently published saying that the United States is cooperating with the Cuban Government regarding anti-Castro activities. He solemnly concludes: These stories are simply untrue.

What is true, then? What conclusions should be drawn from the letter of marque this statement implies for the losers and desperate people in Florida who would flock to the recruiting center for a new wave of terrorism against Cuba? How can we reconcile this threat a few weeks after the infiltration near Cardenas of the commando that intended to sow death and panic among our civilian population with the repeated willingness of U.S. authorities to reach understandings with Cuba in subjects as sensitive for their national security as the normalization of migratory flows?

Cuba has not depended and will never depend on cooperation from U.S. authorities to defend itself from terrorism, but it is outrageous to contrast the differences with which the two governments shoulder their international responsibilities. Unilaterally, without asking anything in exchange, and using resources such as fuel that are now in short supply, Cuba is carrying out the most effective efforts to fight drug-trafficking operations that seek to open a breach through which to introduce massive amounts of the most harmful drugs into U.S. markets, precisely through the port city where the HERALD has its headquarters.

One truth shines through in the article signed by Bush. Cuba is confronting crucial challenges. What the nervous aspirant to the Republican nomination for a second term is incapable of understanding is that we are not at a crossroads like those in Eastern Europe, who were left without revolution, socialism, and even without a nation in some cases. After maintaining for more than 30 years an anti-Cuban policy that includes such crimes against humanity as the implacable economic embargo, the United States has contributed to exactly the opposite of what it intended. Cuba is the most independent country on earth.

Bush can try out rhetoric against the Cuban revolution, put on the straitjacket of an unchanging policy in defiance of American public opinion, behave as he wishes with the duplicity that all empires have historically boasted of, or even seek our future in astrology, but the fate of the Cuban people is not hostage to the nauseating Yankee-style presidential campaign. The centers of world power, at their peak or in decline, are impotent to exert a determining influence on Cuba's internal processes, and that kind of impotence, Mr. Bush, is incurable.

Roa Kouri Comments Further on UN Resolution

PA0403024792 Havana Radio Havana Cuba in Spanish 0000 GMT 4 Mar 92

[Text] Cuba warned that its government will not comply with the anti-Cuban resolution approved in Geneva on 3 March by the UN Human Rights Commission, because it is an attempt to impose arbitrary and discriminatory treatment on the island.

In statements to Radio Havana Cuba, Cuban Vice Foreign Minister Raul Roa Kouri said that this resolution, like the one adopted last year, is an imposition on the commission through the methods and pressures of the United States. Roa Kouri emphasized that 29 southern countries refused in one way or another with their votes to heed the imposition of the U.S. delegation.

It is felt that if the vote had been secret, the results would have been different. The U.S. Government would have suffered a defeat similar to that of 3 March when Cuban expert Miguel Alfonso was elected a member of the UN Subcommittee on Minorities and Prevention of Racial Discrimination.

With 23 votes in favor, eight against, and 21 abstentions, the UN Commission approved a resolution to appoint a special rapporteur to monitor the human rights situation in Cuba.

U.S. Proposal Criticized

PA0303212592 Havana Radio Havana Cuba in Spanish 1330 GMT 3 Mar 92

[Commentary by Roberto Morejon]

[Text] Discussion at the UN Human Rights Commission's 48th session has so far demonstrated that the hurricane winds of the new world order endorsed by the United States have also reached the once peaceful Geneva gathering.

Vice President Dan Quayle's proposal that all members who Washington believes have violated human dignity be ejected from the commission confirms this.

Often included in that arbitrary interpretation are governments that make sovereign decisions, progressive governments, or clearly socialist governments that—as in the case of Cuba—insist on continuing on that course despite external pressure.

Further proof of the White House's desire to mold the Geneva commission can be found in the proposal by its representatives that the UN Security Council be allowed to intervene in other countries. According to the proposal, the Security Council could participate in coercive actions against any nation where supposed instability in the sphere of human rights might appear. That means that a decision such as the one that we have just mentioned would be adopted if Washington and its

Western allies believe the evolution of certain events in a given country pose a threat to peace and international security.

To analysts, it is clear that these plans would only be possible in light of the military and ideological predominance that the United States has shown since the outcome of the Gulf War and the disappearance of the former socialist bloc.

To the good fortune of the Bush administration, the USSR—its most important military adversary—has also disappeared, as it was wiped off the face of the earth in the midst of mortal upheaval.

Now that opposition to its hegemonic games has virtually disappeared, Washington believes that it is appropriate to make the UN Human Rights Commission radically change its course to turn it into a docile instrument.

The diatribes pronounced against Cuba at that Geneva forum, and the desire to use that forum as a platform to launch attacks against the island, corroborate the thesis we have heretofore been proposing.

'Pyrrhic Victory' for U.S.

FL0403032792 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Mar 92

[Text] After several years of pressure, manipulation, and blackmail of all kinds to which the United States has dedicated all its resources to impose on Cuba an unfavorable decision at the UN Human Rights Commission, the voting held today by that organization made it possible for the United States to obtain the approval of a resolution it had presented. In accordance with the resolution, it was decided that a special representative to Cuba would be designated. That result is proof of the negative changes that have been made in the international correlation of forces, which are stimulating the euphoria of imperialism and giving way to an unipolar world under the political and military hegemony of the United States.

Even though the leader of the U.S. representation in Geneva made an appeal to the plenary, calling for a unanimous vote, the result was 23 votes in favor of the resolution, 21 abstentions, and eight countries against. As is usual in these cases, the United States bought votes on one hand and on the other exercised its well-known and brutal threats of economic retaliation against member countries of the commission. The countries that abstained or voted in favor of Cuba did not do so out of fear or for an exchange of favors. Therefore, the 29 votes consisting of 21 abstentions and eight votes against the U.S. resolution were evidence that the majority of the countries represented at the UN Human Rights Commission acted in an independent manner and did not succumb to U.S. pressure.

The United States has won a Pyrrhic victory, while Cuba sees this result as a sign of comprehension and solidarity in the Third World. As expected, the industrialized countries, together with the new allies of imperialism—Russia, Czechoslovakia, Bulgaria, and Hungary—voted in a bloc with the United States in alignment with U.S. policies. Evidently they are anxious to earn merit and obtain favors from the West. As for the Latin American countries that voted with the United States, Argentina and Costa Rica are known for their submissive attitude, while the vote of Uruguay and Chile is paradoxical, since they have recently suffered ferocious military dictatorships and are still waiting for justice for the thousands of people tortured, murdered, and missing. They know in their own hearts what massive violations of human rights are. There is no doubt that the thousands of Uruguayans and Chileans that found refuge and protection for their human dignity in Cuba today ask themselves who their diplomats in Geneva were representing.

Brazil, Colombia, Mexico, Peru, and Venezuela, who together with Cuba constitute the Latin American majority at the UN Human Rights Commission, elevated the dignity of the peoples of the continent against the imposition of the United States. Third World and nonaligned movement countries, also by majority, abstained or voted against the Yankee resolution. This proves that the world is not going to submit to the dictates of the United States.

In spite of an atmosphere of enormous pressure from the United States, the results of the voting proved that the United States could not block a fact of profound political meaning: that the majority of the member countries of the UN Human Rights Commission spurned their imposition, especially under conditions of an open vote, which implies a public confrontation of the Yankee retaliation and constitutes in practice a moral victory for our fatherland and for all the countries that today reaffirmed their independence.

Deputy Foreign Minister on Economic Crisis

PM0303153492 Paris LIBERATION in French 28 Feb 92 p 22

[Interview with Deputy Foreign Minister Alcibiades Hidalgo Basulto by Christian Lionet in Paris; date not given]

[Excerpt] [passage omitted] [Lionet] What is the government's plan for overcoming the crisis?

[Basulto] Our problems are temporary and are essentially due to the halt in oil supplies from the former USSR. We need to find new suppliers and a means to pay them. Our economic strategy is developing in three directions: finding new markets for our traditional products (sugar, nickel, cigars), selling our most advanced products (biotechnology and medicines), and rapidly developing tourism.

[Lionet] How do you explain the fact that after 30 years of communist rule, Cuba is not able to feed its 10 million inhabitants?

[Basulto] In fact, Cuban sugar could feed the equivalent of 40 million people. But intensive sugar cane cultivation

has led to a lack of other products. We must redirect production toward food crops.

[Lionet] You have sent thousands of civil servants to farms to develop food production. Do you think that a civil servant is capable of growing anything?

[Basulto] Yes, and Cuba is proof of that. You forget that students learned about agricultural work during periods in rural areas while they were studying. I was in different labor camps. We know how to plant potatoes and cultivate sugar cane.

[Lionet] How can you attract capitalist partners in the framework of a socialist economy?

[Basulto] We know how to produce sugar, cigars, and rum. We are not so efficient at managing hotels or promoting tourism; therefore, in those sectors we are open to foreign companies, which have the necessary experience. Elsewhere we are seeking foreign investment to speed up development.

There were formerly two kinds of economies in the world. There is now one predominant one, and we are aware of this situation. The law permits foreign investment within some enterprises in the context of a mixed economy. The future will show whether we should extend the experiment.

[Lionet] For the time being, you have reached the point of rationing bread....

[Basulto] Rationing guarantees fair distribution. Bread is rationed for everybody from ministers to workers. That is a fact. There is no nomenklatura in Cuba and there never has been. That is the fundamental reason why socialism has withstood the collapse of the Eastern European countries.

We do not intend to sacrifice the socialist essence of the Cuban regime, which consists of exploiting the country's resources as efficiently as we can to ensure that they serve the whole population according to social distribution. We think that the majority of the population understands the values of this society.

[Lionet] Has the USSR's collapse blocked the political reform process announced last year?

[Basulto] You can think what you like about perestroyka, but it was not a success.... Its only results were chaos and the disintegration of a country. Its supporters do not really have any reason to congratulate themselves. Practice has shown that that is not the way to improve socialism, and events in the USSR have naturally had repercussions in our country.

Moreover, the "democratic" model that Washington would like to impose on us is a caricature from which we have suffered and which left us 30 years ago with 1 million illiterate people, 600,000 prostitutes, sickness, and unemployment; in other words, the present situation in Peru, Bolivia, or Guatemala. Wanting to import that model into Cuba is laughable to any Cuban.

[Lionet] What place could Europe have in Cuba's development?

[Basulto] We want the closest possible commercial relations with the EEC. Cuba, however, has been excluded from the benefits of the Lome Convention, which is a form of discrimination in our commercial relations. We have the same characteristics as other countries that benefit from the commercial advantages given to the African, Caribbean, and Pacific countries, and it would be only fair to allow us to benefit from them, too. But we do not want that to be accompanied by political conditions (the Lome Convention is in principle reserved for countries which respect human rights—LIBERATION editor's note).

Europe has a very false impression of Cuba, and the press gives a particularly distorted image of it. On 28 January, for instance, 200,000 young people demonstrated their support for our regime in Havana on Jose Marti's anniversary. The event was ignored by the international press.

We receive many journalists. Many more now than usual. Hundreds. They would like to witness the fall of the Cuban regime. I am not criticizing them, I was a journalist myself, and it keeps tourism going.

Ten Sentenced for Illegal Economic Activities

FL0303154992 Havana Radio Progreso Network in Spanish 1200 GMT 3 Mar 92

[Text] The People's Provincial Court has issued its decision in Case No. 999 of 1991 against a group of persons accused of various crimes, including charges of associating with intent to engage in criminal activity, illegal gambling, speculation, and hoarding.

Manuel Reinaldo Sanchez Rodriguez, known as Manolito Cafe, principal defendant and repeat offender, was sentenced to 20 years in prison for hoarding, racketeering, speculation, illegal gambling, falsifying documents, illegally selling coffee, and organizing a criminal contraband ring.

Nine other residents were sentenced to between 18 months and 15 years in prison for the same charges; association with intent to engage in criminal activities and other charges. The remaining actions covered crimes of abetting, drug trafficking, corrupting minors, illegal gambling, and illegal economic activities. These charges were punished with sentences of between six months and 10 years in prison and fines; others were given prison sentences; and the last group were just fined while four defendants were acquitted of [word indistinct] charges.

Chamber President Leonor Prito Suri said the court based its decision on the type of charge, the deeds covered in the sessions, the dangers of the crimes, the accused's degree of participation, and the social repercussions of these deeds on the populace. The defendants can appeal their cases to the Supreme Court in accordance with our laws.

Bolivia's Paz Zamora Pays Official Visit

PY2902150092 La Paz Television Boliviana Network in Spanish 0200 GMT 29 Feb 92

[Excerpt] President Paz Zamora will return to Bolivia tomorrow after his visit to San Antonio, Texas and Mexico. Paz Zamora and his Mexican counterpart, Salinas de Gortari, signed a joint declaration in which they committed themselves to expedite the processes of an economic integration agreement through ALADI [Latin American Integration Association] for the establishment of a free-trade zone.

[Begin Paz Zamora recording] We Bolivians and Mexicans have already discussed joint matters and challenges as brothers, sitting at the same table, and in compliance with our fate, which is grounded in the historic roots of the native origin that we very proudly share on this continent. God willing this can occur and we can reach an agreement on a series of pending common issues. As I have said on other occasions, we always have shared common interests but we have not yet found the way to conduct very fruitful negotiations [end recording]

The declaration includes the report by the commission in charge of the economic integration agreement. This document recommends that the agreement be signed as soon as possible. The two presidents analyzed a previous proposal made by Salinas de Gortari to grant Bolivia $40 million, $20 million of which will be used to finance Bolivian exports to Mexico, and the rest will be reportedly channeled through Bancomex [National Foreign Trade Bank of Mexico] for the Bolivian and Mexican private sectors to finance the import of machines and goods and for operating capital and joint ventures.

The declaration also includes a list of 22 projects on bilateral technical cooperation with Bolivia in the agricultural, mining, health, education, and fishing areas. The need to develop the fishing industry in Lake Titicaca was noted. It also was decided that Mexico would act as an adviser in the creation of Peruvian-Bolivian fishing enterprises at the Port of Ilo.

Regarding this port, Salinas de Gortari stressed the accords reached there by Peruvian President Fujimori and Paz Zamora, through which Bolivia gained access to the sea.

[Begin recording] [Salinas de Gortari] Mr. President, during your visit to Mexico, we will have the opportunity to reflect on the changing international situation that encompasses our efforts. It is necessary to intensify the political dialogue and the exchange between Bolivia and Mexico at a time when things are changing in Latin America. I believe, Mr. President, that after my visit to Bolivia and in the talks we have held since then, we have decided to intensify our bilateral trade, join our voices to promote Latin American integration on a firm and concrete basis, and join wills to guarantee peace in the region and the rest of the world.

[Paz Zamora] It is a pleasure to listen to an international commentary saying that Mexico, the dear country of Mr. Carlos Salinas de Gortari, is moving toward changes, modernization, and paths that are being opened. It is even a greater pleasure to hear that Bolivia and Mexico are among the countries that establish the norms for the changes in Latin America looking toward the 21st century. [end recording] [passage omitted]

Belize

British Forces Want To Remain in Country

FL0303174892 Bridgetown CANA in English 1724 GMT 3 Mar 92

[Text] Belize City, Belize, March 3, CANA—A top British Army officer, chief of defence staff, Field Marshall Sir Richard Vincent, says British forces want to remain in Belize. British troops were stationed in Belize against the threat of an invasion from Guatemala because of a 150-year-old territorial claim. But relations between the two neighbours have sharply improved.

"We will have to adapt our presence to move with the times but we certainly very much want to remain," said Sir Richard.

In an interview with the Broadcasting Corporation of Belize, Sir Richard said the country was a "superb" training environment for the British forces.

"We will stay here for as long as is necessary and as long as we are wanted," he said.

Sir Richard said changes would possibly be made to take into account the improved relations with Guatemala.

"I spoke to the prime minister who has been in negotiations with (the Guatemalan President Jorge) Serrano. He is, I think, cautiously optimistic, but people have got to be persuaded that they are no longer threatening each other, and you've got to build slowly," he remarked.

He spoke after a three-day tour of inspection of the 1,500 strong British garrison. During the visit here Sir Richard had talks with the Prime Minister George Price and met with Governor General Dr. Dame Minita Gordon.

This is the first visit of such a high-ranking British officer since Guatemala recognised Belize last August and established diplomatic relations. Previous statements from the British Government have said their forces will remain for "an appropriate period" after a treaty is concluded.

However, comments by Sir Richard Vincent indicate the Army would like to stay in Belize as long as possible to take advantage of its unique tropical climate for jungle warfare training. Most of the British troops are stationed at the main base at Airport Camp, ten miles from Belize City. Small detachments are also stationed at smaller bases near the western and southern borders. A small squadron of Royal Air Force Harrier jump jets and helicopters is also part of the British presence.

El Salvador

Cristiani Interviewed on Recent Developments

PA0403024992 Tegucigalpa Voz de Honduras Network in Spanish 1145 3 Mar 92

["Exclusive" telephone interview with President Alfredo Cristiani in San Salvador, by Trino Murillo in Tegucigalpa, on 2 March—recorded]

[Text] [Murillo] Mr. President, much has been said here about reports that land is being given to Farabundo Marti National Liberation Front [FMLN] guerrillas in areas in dispute between Honduras and El Salvador. These reports indicate that the UN Observer Group in Central America [ONUCA] and UN Observers for El Salvador [ONUSAL] are participating in those activities. What do you have to say, Mr. President?

[Cristiani] That is completely false. We have no intention of going against the process that our two countries have initiated with the International Court of Justice [ICJ], and such land distribution does not form part of the agreement and there is no sense in thinking about it, so I can tell you that the Salvadoran Government has no intention of touching anything having to do with the territory in dispute at the ICJ. We will respect that. We have done nothing. ONUSAL can testify that we have done nothing of the sort in that territory.

[Murillo] Are the Salvadoran guerrillas interested in carrying out this kind of operation despite the Salvadoran Government's respect for the peace treaties?

[Cristiani] Right now we do not have any information on that. We are complying with the agreements. So far the land the FMLN would like to be subjected to land ownership transfers does not include any area in the disputed territory. We have no information on the government or ONUSAL being present there, and we hope and believe the FMLN is not there either, because the people of the FMLN are concentrated in specific areas. For this reason I do not believe there is any such presence. However, if the FMLN were to decide to go there, the Salvadoran Government would show respect for the agreement between the Salvadoran Government and the Honduran Government within the framework of the case pending at the ICJ.

[Murillo] Mr. President, according to unofficial Honduran military intelligence reports, people in the area are concerned because some land has been distributed, about 43 manzanas. The Honduran Government, through the Foreign Ministry, has called this an action that violates the peace agreement of 1980.

[Cristiani] We have already talked with Honduran President Callejas and we are going to talk with ONUSAL so that these observers verify that there is nothing of the sort happening in that territory, because we want respect for the ICJ process that arose from the agreement

between our governments. Along with President Callejas, we will ask ONUSAL to verify the veracity of these reports, because such land distributions would go against the agreement between our two governments. Our government, I repeat, is prepared to implement this agreement through compliance by our fellow countrymen, especially by the FMLN.

[Murillo] Mr. President, what you have mentioned is very important. From this moment, as president of El Salvador and as a person who respects the agreements, would you or the Salvadoran Government disavow any (?violation) of the agreements? The disputed territories are subject to the resolution that may be issued in the future by the ICJ in The Hague.

[Cristiani] You can rest completely assured that my government will respect the agreement between Honduras and El Salvador. My government can forswear and disqualify any attempt by any Salvadoran national to violate the agreement, whether a member of the FMLN or not. As a government we will respect the agreements between our two countries, and renounce any effort by any person who attempts to violate them in any way before the ICJ issues a resolution and thereby resolves the future of these territories.

Even though I do not believe this will happen, if it does I will see to it that ONUSAL corrects the situation, and we will enforce the agreement between Honduras and El Salvador.

[Murillo] Mr. President, have there been any attempts in Honduras to force a faction of the FMLN—perhaps not the entire organization—to somehow fail to fulfill the agreement, thereby creating problems for your government?

[Cristiani] That may be possible. Anything is possible. I cannot say at this moment that there are no groups that do not want to create difficulties, especially in view of the problem between our two countries. Nevertheless, I repeat, if there are individuals attempting to do this, my government will take action. It will ask ONUSAL to verify this information and if it proves to be true, we will demand that any individuals attempting to illegally occupy lands in areas pending the ICJ resolution be dislodged.

[Murillo] Another question, Mr. President. I believe that President Callejas is listening to this interview in his office. The Honduran Government decided that such incidents must not be repeated, and that the people's resolve, the treaty, and the agreements must be respected. Do you agree with this?

[Cristiani] I fully agree. I have spoken, as I told you, with President Callejas and we both agreed to send a request to ONUSAL asking it to ensure that no sector either in El Salvador or Honduras be allowed to threaten the peace agreement between our countries. We must wait for a resolution by the ICJ. Toward this end, I believe that ONUSAL can play an important role, not only by ensuring fulfillment of the peace agreements, but by stopping any group that attempts to create problems for our countries.

[Murillo] The Honduran people have been waiting for your statements, Mr. President. The two governments have been seeking ways to maintain peace. I believe that one of the important issues for world opinion is whether or not the peace agreement signed at this moment could be upset by the complaints that have been made and by the reports to this effect. Would you like to comment on this, Mr. President?

[Cristiani] I would like to say to the Honduran people that they can trust the Salvadoran Government to respect the agreements that exist between our countries and not allow any sector to attempt to create problems for peaceful resolution of the Honduran-Salvadoran conflict. Toward this end, El Salvador has always listened to President Callejas' views, and I believe that between the two of us we will make the agreement between our nations prevail over any group that may attempt to hinder them or create problems.

[Murillo] Mr. President, to conclude, I would like to know if the agreements with the Salvadoran guerrillas based on the Mexican peace treaty have given the results you sought? Or, Mr. President, do you have some reservations?

[Cristiani] I believe results are evident, given that two months have passed without war-related incidents in our country. The community now feels assured because there are no longer any clashes and they can move around more safely than before. Naturally, in any peace treaty some difficulties always arise in fulfilling the agreements. Maybe these were not foreseen when the agreements were signed. Nevertheless, we believe in general terms the agreements are progressing fairly well. There are some problems, such as the land takeovers you mentioned. According to the information you have and that we received on 3 March, there is a possibility those territories waiting for an ICJ resolution could be affected, but this is only internally. This has caused some problems in the countryside. Generally we believe the situation is progressing normally and we hope as each day goes by, peace will be enhanced in our country.

[Murrillo] You are reducing the Armed Forces based on the treaty. It is also being said there is an increase of units in other sectors such as the police force. What do you have to say about this Mr President?

[Cristiani] We have assumed the responsibility for one of the three security corps—the National Police—to take charge of security and public order on a national level until the new national civilian police is formed. The National Police was previously in charge of this service in the urban areas. Now we must strengthen them to enable them to guarantee security and order at a national level, in the cities as well as in the rural areas. This is not contrary to the peace agreements in any way, as it has been clearly set out that the National Police should

provide the community with these services during the transition period. Regarding the reduction of the Armed Forces, this is progressing normally. Since there is no ongoing conflict, the number of soldiers required is reduced, and this is the process currently under way.

[Murillo] Mr. President, could you sum up what you have told us here regarding your government's position on the information we have here in Honduras about alleged FMLN plans to distribute land in areas under dispute; a matter currently before the ICJ at The Hague.

[Cristiani] In the first place, I want the Honduran community to feel assured regarding the Salvadoran Government's position, which is to respect the agreement or the treaty between our nations. We will respect whatever ruling is handed down by the ICJ. In the second place, we will not allow any fellow citizen to put in danger the peace process between our nations. Should this be true, it is completely removed from the peace agreements and there is no justification for this. We are going to act through ONUSAL to verify this information. If this is true, then ONUSAL would have to take the necessary steps to ensure the process between our nations is not jeopardized.

[Murillo] Have you talked with President Callejas about this? I am sure he is listening to you Mr. President.

[Cristiani] Yes, we have held talks with President Callejas on 3 March regarding these rumors. We have both agreed to request ONUSAL to verify the information. If it is true, then the pertinent measures will have to be adopted.

[Murillo] To conclude, do you have a message for the Honduran and the Salvadoran people who are listening to you over this Central American radio network?

[Cristiani] I want to send affectionate greetings to the Honduran people and their government. I want them to know we will do everything in our power to normalize relations between our nations. Solidarity and brotherhood among our nations is what can offer us a better future. For all Hondurans, cordial greetings from the Salvadoran Government and its people.

[Murillo] Thank you very much. You have cleared up many doubts for the Honduran people. You, as well as our president, are a bastion of peace in the Central American region.

END Commander Assesses Current Situation

PA2902225292 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 29 Feb 92

["Exclusive" interview with Commander Jose Santos Yanes of the National Army for Democracy, END, by an unidentified reporter in the northern part of Morazan Department; date not given—live or recorded]

[Text] [Reporter] Commander Yanes, I would like your political assessment of the current situation regarding the FMLN [Farabundo Marti National Liberation Front] and the government's failure to fulfill the agreements. How is the fulfillment going? We have seen a certain....[pauses] it is stipulated in the agreements that beginning 2 March the FMLN would gather at specific bases. There have been certain problems. For example, the problem that the National Commission for the Consolidation of Peace encountered a few days ago. What have you to say about the current situation?

[Yanes] First of all, the FMLN has remained faithful to the fulfillment of the agreements. Its military forces are at their 50 positions, which is the first phase of the separation of forces, and this has all been done without any problems. Everything has gone quite well. This has not been the case with the Armed Forces, which has deployed forces to five new positions not mentioned in the agreements. This is a worrisome situation because it is part of a framework and background; it is not the simple deployment of troops to new positions, but part of a global plan.

Widespread common crime has been unleashed in El Salvador. All indicators and reports point to the involvement of the Armed Forces and security corps members. All of the criminal activities are well planned and organized. They are intended to justify the deployment of the Armed Forces to new positions and to ensure the security bodies will not disappear or undergo changes. This is part of a global plan involving the intensification of psychological warfare. At present, psychological warfare is being used in an attempt to render the agreements illegal.

If you listen closely to the campaign regarding the ownership of land by peasants in the war zones, you will see how the government is fueling a raging fire and encouraging the ultraright wing sectors to adopt a firmer position to unleash a confrontation over lands. There are two parts to this: On one hand, the government and the Nationalist Republican Alliance are attempting to resolve their differences and to do this they must win over the landowners by giving them an alternative to prevent the land problem from spreading and preclude fulfillment of the agreements. On the other hand, it is also part of a plan to minimize the execution of the agreements,

We also find that the government has not presented a clear option to the national reconstruction plan, but it is promoting the plan. In other words, it is attempting to leave out all of the sectors, including the FMLN; it is attempting to execute the plan on its own, and it is trying to gather funds for its neoliberal plan. The government is not trying to guide the national reconstruction plan toward the sectors affected the most by the conflict, but to those sectors that the government wants to have or ensure a larger electoral vote.

Within this framework are a number of worrisome facts, such as the threatening grazing flights, which are part of San Salvador's military occupation. We can see how

activities are being conducted in San Salvador that threaten civilian security. There are checkpoints where even drivers' and pedestrians' pants pockets are searched.

Here in Morazan, without justification, the National Police have carried out raids and placed obstacles to FMLN activities in the villages. There has also been a number of incidents that lead us to conclude that a plan counter to the agreements is being developed, with the government and hardline sectors trying to minimize and rebuff the agreements by finding technical faults that are actually politically motivated. This is part of the plan to minimize the agreements.

We believe it is a preconceived plan and that its orgins were not with the extreme right wing. We believe it is a plan by the entire oligarchy, which is trying to push back the agreements. The situation is no longer secret. The EC has already threatened to put conditions on national reconstruction project aid. Mexico and South American countries have also placed conditions. In other words, there is already concern about the agreements crisis.

We believe that the crisis goes deep. The dominant sectors and upper classes do not want to let go of the quota of power that the FMLN and the people have won after 12 years of struggle. Thus a rather complex crisis surrounds the agreements. We believe that if this crisis worsens and the developing counteroffensive plan is not neutralized or stopped, all the agreements will be endangered. This has both the END and the people worried.

[Reporter] Commander Yanes, concerning the overflights of FMLN camps, the government and the Armed Forces have denied that these are Salvadoran planes. A protest note was later sent to the Honduran Government, because the airplanes came from that direction, but, the Honduran Government has rejected this protest. The United States has also denied that the planes came from their bases in Honduras. The FMLN has said that it will use its weapons against these low-flying aircraft.

In the face of this situation and the FMLN statements, Mr. Cristiani said that it would be a fatal mistake for the FMLN to do something like that. Mr. Vargas [General Mauricio Vargas, Salvadoran deputy chief of staff] has described the FMLN warnings as populist and phony. What do you have to say about Mr. Vargas' statements?

[Yanes] The flights over FMLN-controlled areas are not isolated incidents. There is an orchestrated plan geared toward a coup d'etat. We have reports of meetings held at the Cavalry Headquarters, at the Atlacatl Battalion, and at the 6th and 1st Infantry Brigade to plan a coup d'etat. There are two trends: Those who want to change the administration and thus set things back, and those who seek a form of blackmail from oligarchic sectors.

We believe that the overflights are a way for the extreme rightwing and hardliners to flex their muscles. We do not believe these overflights are the work of an individual out of control. No, this is part of the plan, part of the psychological warfare, a way to try to generate terror among the people through.... [pauses] Our people know all about air raids. We have the legitimate right to defend ourselves, to attack all aircraft or military forces that enter our area. We believe that the government and Mr. Vargas are trying to spread a smoke screen to conceal the counteroffensive they are preparing.

We believe the government has been quite irresponsible in making charges against Honduras for sending aircraft over our territory. We firmly believe that it was not the Hondurans. It was the Salvadoran Air Force. In this respect, the statements made by my FMLN comrades were not just empty words. We are not threatening anyone. We plan to carry it out. If the aircraft overfly the region once again, we are going to shoot at them, and we are going to bring them down. It is our right to defend our territory.

[Reporter] In light of the current situation, which could jeopardize the peace agreements, what is the FMLN's position with respect to everything that has taken place?

[Yanes] First, we would like to tell our people that we must all take part in defending the peace agreements. The FMLN and the END have been very straightforward in stating that their weapons will always be on the alert precisely because we do not trust the government. We do not trust the ultraright. We do not trust the oligarchy. We are aware that the peace agreements were a significant accomplishment. Nevertheless, the agreements are paper, and we are certain that the oligarchy is going to do something to prevent the agreements from being implemented. In this respect, the FMLN's weapons will be always on the alert to ensure that the peace agreements are honored.

There is another part of the agreements that is up to the people. We are aware that the peace agreements also came about as a result of the efforts of vast social forces in the country. Therefore, defending the peace agreement is also the duty of those same social forces. Thus, the FMLN hereby calls upon all social forces to be on the alert and to be vigilant of the crisis currently taking place in case it is necessary to defend the agreements. We also believe that the peasants who currently occupy property should organize defense committees and prepare defense initiatives. There is no justification for the government and its repressive forces to just come around and proceed to evict the peasants. Bear in mind that the conflict in El Salvador came about precisely due to unfair land distribution. Therefore, the peasants have as much right to the land as anyone else.

The FMLN and the END receive support from the social forces that comprise the peasant movement. Thus, we are ready to defend not only the land and the peasants, but also the peace agreements as a whole. We have several courses of action we intend to pursue. Our weapons are on the alert and we plan to take the necessary measures. If it is necessary to move our forces, we intend to do it. If the aircraft and soldiers appear

again, we plan to fight them. This has nothing to do with violating the peace, since it is the Armed Forces who are violating the peace. We have not moved from our territories. The social forces also have their duty. The peace agreements are an accomplishment of the Salvadoran people and we are sure they are going to defend them. Any individual or group who tries to minimize or reverse the agreements will be neutralized and defeated. We believe that the peace agreements have the complete backing of the Salvadoran people and the international community. The Salvadoran people will defend the agreements with their lives if necessary. [Reporter] Thank you, Commander Yanes.

Satisfaction Expressed With Haiti Agreement

PA0303162392 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 3 Mar 92

[Text] The Salvadoran Government has expressed satisfaction with the agreement reached between Haitian President Jean-Bertrand Aristide and the Haitian Parliament to end the political crisis caused by the military coup on 30 September.

A Salvadoran Foreign Ministry communique states the government's satisfaction with the agreement, which establishes the possibility of promptly restoring the de jure state and the democratic process initiated in Haiti when Aristide was elected president. The government also acknowledged the countless efforts of the OAS to resolve the Haitian crisis.

In the communique, the Salvadoran Government calls upon the international community to generously contribute to the reactivation of Haiti's economy and to support the most needy groups in that country once the trade embargo imposed by the OAS is lifted.

Guatemala

Army 'Interested in Achieving Total Peace'

PA0303164492 Panama City ACAN in Spanish 2210 GMT 2 Mar 92

[Text] Guatemala City, 2 Mar (ACAN-EFE)—The Guatemalan Army on 2 March confirmed its resolve to sign a peace agreement, despite clashes over the past weekend in which six guerrillas were killed and three wounded.

"The Army is very interested in achieving total peace," Armed Forces Captain Julio Alberto Yon stressed, referring to the talks the government has been holding with the rebel "commanders" since April 1991, as part of a process that has not made much progress.

For the first time since the guerrilla movement emerged in Guatemala following a thwarted coup attempt in November 1960, government delegates, including the military, and the rebels have sought a political solution to the armed conflict. According to private humanitarian organizations, the conflict has left approximately 175,000 people dead.

Following the death this past weekend of a guerrilla identified as Ramon de la Mora, who bore an identification card issued by the Autonomous University of Chiapas, Mexico, Yon briefly stated that "there are foreigners" in the rebel ranks.

Yon added that in the clashes waged in the western Quezaltenango Department two other guerrilla leaders were killed; one of them was identified as "Pancho," leader of a cell of the Revolutionary Organization of the People in Arms (ORPA). The Army troops confiscated from the rebel "commander" one AK-47 rifle, one Soviet- made grenade, one pistol, one radio transmitter and maps for military actions that the guerrillas were to carry out within the next few days, Yon added.

Over the past weekend, two soldiers and an Army specialist were killed, and one officer and two National Institute of Electrification (INDE) employees were wounded, the military spokesman said.

According to Yon, the Guatemalan National Revolutionary Unity (URNG) is using Russian, Chinese, Bulgarian, Belgian, and American weapons, but no longer has popular support. "The URNG does not have as many as 800 armed men," Yon stressed, adding that rebel groups such as the ORPA, Poor People's Guerrilla Army (EGP), and the Rebel Armed Forces (FAR) are operating, but have been broken up into groups operating out of the northern, northwestern, and southern parts of Guatemala. The "commanders" have asserted that at present they have over 3,000 fighters and that they are operating out of over half of Guatemala's 22 departments.

Yon said that whether or not the Salvadoran guerrillas are selling their weapons to the URNG has not been confirmed.

Government Minister Fernando Hurtado recently reported the security forces have detected a movement of weapons from El Salvador to youth gangs called "maras," but he explained it is not yet known which group is sending them.

Investigations on Belizean Border Issue Begun

PA0303160292 Guatemala City PRENSA LIBRE in Spanish 29 Feb 92 p 3

[Report by Carlos Absalon Galvez]

[Text] It has been officially reported that Foreign Relations Ministry authorities and Armed Forces' officers have initiated investigations along the Peten border region to determine whether Belize moved its border posts into Guatemalan territory.

With the help of theodolites and metric chains, surveyor brigades have initiated an extensive land survey along

the Belizean borderline, which is about 100 km long. Deputy Guillermo Pellecer Robles had reported that Belizean authorities had moved their boundary posts more than 2 km into Peten Department. This has bothered and angered people in various parts of Peten.

Belizean Prime Minister George Price told the local media in Belmopan that the reports are not true. He said it is outrageous "to be accused of stepping on Guatemalan interests now that we have obtained the recognition of our independence from President Serrano, whom we respect and admire. We respect the sovereignty of neighboring countries, especially Guatemala."

Belizean authorities believe this could all be a misunderstanding or maybe peasants are invading Peten, but this does not mean boundary posts are being moved. Price stressed he will soon name the official commission to be in charge of meeting with the Guatemalan technicians to find possible solutions to the ongoing land conflict.

Price reiterated, nevertheless, that negotiations will not include Belizean territories, as he "will not give up a single centimeter of land to Guatemalan claims." While denying rumors that boundary posts have been moved into Peten, Price said Belize has been recognized by the world as a nation.

Foreign Relations Ministry employees who have tried to investigate Pellecer's reports have told this correspondent the task will take some time as it is necessary to prepare maps and verify the distances with laser beam theodolites.

Pellecer Robles said that according to accounts from numerous peasants who know the border region, the Belizeans have moved their boundary posts more than 2 km into the Peten border region. However, some local authorities have noted that "Pellecer has no credibility and is probably looking for public recognition."

At any rate, more than 20 people have assembled in Melchor de Mencos because of the reports issued by Pelletier, who is a Christian Democratic congressman. The Foreign Relations Ministry and the Army recently have stated it will be necessary to carry out geodesic studies in order to correctly verify the location of the Belizean border posts.

Honduras

Disputed Border Area Settled by Guerrillas

Army Says 200 Near Dolores

PA0303024792 Paris AFP in Spanish 2023 GMT 2 Mar 92

[Text] Tegucigalpa, 2 Mar (AFP)—The Honduran Army said on 2 March some Salvadoran guerrillas have settled on land along the Honduran-El Salvador border with the consent of UN organizations. These border areas are being disputed by Honduras and El Salvador. The International Court of Justice at The Hague has yet to decide which country has sovereignty.

According to an Army intelligence report, approximately 200 people with ties to the Farabundo Marti National Liberation Front (FMLN) have settled in the Dolores area, La Paz Department. This is one of six border areas in question by the two countries. The report stated "the UN Observers for El Salvador (ONUSAL), UN Observer Group in Central America (ONUCA), and the FMLN have participated in the land repartition." The military document adds that each Salvadoran family has been given approximately three hectares of land "for agriculture use."

Military intelligence said the "violation of Honduran sovereignty" was detected by the 1st Battalion of Territorial Forces, stationed in southwestern La Paz Department. The Honduran military report is supported by Honduran people such as Pablo Benitez and Carlos Gomez, who were recently removed from the Dolores area. Benitez and Gomez said Salvadorans have been measuring and allotting land since last year.

Former Honduran foreign minister Carlos Lopez recently warned the peace agreement signed between the Salvadoran Government and the FMLN would hurt Honduras because it called for the relocation of rebels at border areas in conflict.

Honduras and El Salvador are disputing six "pockets" (bolsones)—measuring 413.6 square km—located along their border. The decision from the International Court of Justice, which will be issued mid-year at the latest, will define ownership of those areas and will also establish maritime limits in the Gulf of Fonseca.

Honduras and El Salvador were at war for five days in July 1969 over border problems.

Foreign Minister Gives Views

PA0403005392 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 3 Mar 92

[Text] Foreign Minister Mario Carias has given his official views concerning the problem of border areas apparently being occupied by Salvadoran guerrilla groups. Javier Mendoza and Adolfo Hernandez interviewed him and here is what he said:

[Begin recording] [Reporter] First, have the areas in dispute been occupied?

[Carias] No, no. As you know, there are Salvadoran and Honduran citizens living in the disputed territories. As a result, when the ruling is issued in June, a joint Honduran-Salvadoran commission should examine the particular rights of citizens living in the disputed areas, for instance those who own cattle and land.

This situation will be resolved in accordance with international private law, as this is not a matter of sovereignty.

[Reporter] What is the responsibility of ONUSAL [UN Observers for El Salvador], given that the agreement for establishing settlements in the disputed area is apparently being supported, so to speak, by the UN representatives?

[Carias] Well, we [words indistinct] that report in early February. We made our proposals both to the Salvadoran Government and ONUSAL. ONUSAL responded by denying that UN personnel were involved in these activities. They denied that ONUSAL or UN personnel participated in such activities.

This is a point of disagreement. Someone from military intelligence explained to me that it could have been some foreigners who were with people from the Farabundo Marti National Liberation Front. They could have been mistaken for UN personnel. Otherwise, the rebels, when occupying these areas, wanted to place more authority on themselves by invoking the name of the United Nations. However, the United Nations did not participate in this operation.

[Reporter] The Honduran people believe that while we go to the International Court of Justice [ICJ] to present our documentation and El Salvador says that it will accept the ICJ's ruling, it is not playing fair. What is your view on this matter?

[Carias] We believe that every attempt, be it by the FMLN or Salvadoran citizens, to occupy this land goes against the General Peace Treaty and the good relations between Honduras and El Salvador. Such activity must not continue.

We anticipate the creation of a special Honduran-Salvadoran commission to investigate this matter. I hope that attorneys Valladares H. and Pineda Madrid can resume their contacts with their Salvadoran counterparts this very week to avoid such confrontation and interpretations, which go against the General Peace Treaty.

[Reporter] Dr. Carias, how would you view the areas in dispute at this time? Do they not belong to anyone?

[Carias] No, no. Honduras claims that the land belongs to Honduras. There is a conflict of interests, because El Salvador also claims that the land belongs to them. However, there are Honduran citizens living is some areas, there are empty areas, and there are Salvadoran citizens living in other areas. The ruling will be issued in June, thus permitting the delineation of the border. This will finally permit us to determine the territorial border between both nations. [end recording]

Salvadoran Embassy Communique

PA0403044292 Tegucigalpa EL HERALDO in Spanish 3 Mar 92 p 2

["Communique" issued by the Embassy of El Salvador in Tegucigalpa on 2 March]

[Text] Communique:

Concerning the 2 March publications reporting that Honduran sovereignty is being affected by the distribution of land to Farabundo Marti National Liberation Front [FMLN] guerrillas in areas in dispute between Honduras and El Salvador, in which UN Observers for El Salvador [ONUSAL], UN Observer Group in Central America [ONUCA], and the FMLN are reportedly participating, the Embassy of El Salvador informs the national and international public opinion that:

1. The aforementioned reports are allegedly based on an official secret report by the Honduran Armed Forces. As it is illogical that such a report would be given to the media, we address this topic with the reservations of the case.

2. According to the aforementioned report, the distribution of land is taking place with the participation of ONUCA, ONUSAL, and the FMLN. This incident is not attributed to the Salvadoran Government. However, the editorial published this morning by a prestigious newspaper stated that Honduran Government reports established that the government of Alfredo Cristiani was involved in this maneuver, adding that the situation would bring a cooling of relations between both countries. This is absolutely false.

3. In addition, three areas located in the zone of Monteca, La Union Department, are mentioned. These areas have been marked and delimited in perpetuity, based on Article 16 of the current General Peace Treaty between El Salvador and Honduras (Section VII).

4. The Salvadoran Government remains faithful to the 1980 General Peace Treaty and the commitment of El Salvador and Honduras to submit the existing land, insular, and maritime dispute to the International Court of Justice [ICJ] for resolution. Consequently, the Government of El Salvador will never carry out actions that violate its international commitments. It will fully respect and carry out in good faith the ruling issued by the ICJ, as established with the sister Republic of Honduras.

5. The Government of El Salvador will fully implement the Chapultepec Agreements, which were signed on 16 January, particularly Chapter V of those agreements, in accordance with the expectations of the Salvadoran people and the international community. This will in no way cause material or formal conflicts with the international commitments of El Salvador with the sister Republic of Honduras, resulting from the aforementioned border dispute.

6. Incidents that may occur in the border areas in dispute can in no way affect or "cool" the relations between both

countries, relations that should focus on benefiting both countries and the Central American region. These have been the efforts and objectives stated by the Central American presidents, particularly the presidents of Honduras and El Salvador, Rafael Leonardo Callejas and Alfredo Cristiani, respectively.

Tegucigalpa, D.C., 2 March 1992

Reaction to Airspace Violations Charges Viewed

PA0303141592 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0200 GMT 2 Mar 92

[Report by Julio Ernesto Alvarado—passages within quotation marks are recorded]

[Text] Last week, the Salvadoran Government protested to the Honduran Government about an alleged violation of Salvadoran territories by the Honduran Air Force, particularly one of the areas that had been previously occupied by the FMLN [Farabundo Marti National Liberation Front].

Peace has finally started to flourish in Central America and the countries of the region are beginning to agree on ways to move forward, but a single incident started by the FMLN is threatening this peace. The FMLN has accused the Honduran Armed Forces of violating Salvadoran territories, an accusation that has been strongly denied by General Hector Castro Cabus, commander of the Honduran Air Force.

[Castro Cabus] "I can assure you once again the Honduran Air Force has been very respectful of the rules that have been established for many years, in the sense of respecting the sovereignty of neighboring countries."

General Castro Cabus did not attach much importance to this accusation that has no basis. He said the Honduran Air Force will continue to conduct maneuvers within its national territory, as is befitting to a sovereign state.

[Castro Cabus] "Those incidents, such as the one in which the FMLN—or the Salvadoran Government State, I do not know which one—makes reference to...[pauses] I imagine they are going through a state of psychosis and that is why they are making accusations. However, they have no legal arguments or proof to allow them to make this type of accusation."

What is El Salvador after? President Cristiani has come to dine with the Honduran president, giving the impression that his visits and conversations with our leader are sincere. Jaime Guell, Honduran deputy foreign relations minister, has stated:

[Guell] "It is very likely they have been surprised by accusations such as these, accusations that have been made by FMLN members from El Salvador. The FMLN probably saw a plane that could have been a civilian plane, and simply...[pauses] Well, we realize they are coming out of a war that had caused them enormous pressure for many years and maybe...[pauses] Well, they could have thought they were seeing a military plane. In any event, I can assure you no Honduran plane has flown over Salvadoran territory."

Peace in El Salvador is still in its early stage, according to international expert Enrique Ortez Colindres. He also said El Salvador is experiencing domestic problems, and he added:

[Ortez Colindres] "As you know, there are internal conflicts between the FMLN and the government regarding Salvadoran planes flying over the territory that has been under FMLN control. Later, it was said these were Honduran planes. I have the impression they are throwing the buck around and blaming each other. I do not think that at this stage Honduras is interested in flying over Salvadoran territory. What for? If it had been a mistake, we might have understood it. It seems to me the government has followed a very clear policy. For example, with the issue of the contras. It has not formed any alliances with rebel forces."

We think everything is very clear. The Honduran authorities have denied—and everyone believes them—there have been any violations. On the other hand, the Salvadoran Government should apologize to Honduras for what we consider a blunder. The Salvadoran Embassy under Ambassador Trigueros—who is not very friendly to the Honduran reporters—should inform his government of this because in this country we are only concerned with working and getting ahead.

Nicaragua

* Changes in National Police Organization Viewed

92CA0090A Managua BARRICADA in Spanish 26 Jan 92 p 3

[Article by Bayardo Altamirano L.]

[Text] Based on everything I have ever read, the prime virtue required of a politician is that he be realistic and act in keeping with the circumstances.

We must therefore recognize that the Police and Army are no longer the same.

The Sandinist People's Army (EPS) was formed in the very heat of the battle to overthrow the Somoza dictatorship and survived for over 10 years to defend the revolution from imperialist aggression. It acquitted itself of both tasks with honor and glory. It was the nucleus around which the people organized to accomplish heroic feats.

The times we now live in are different and consequently, given the political changes that have taken place, the Army has other functions. It has ceased being partisan, proclaims itself apolitical, and even has mixed disarmament brigades.

The gentlemen in the current administration have relinquished their patriotic demands filed against imperialism in The Hague and have hooked their wagon to the World Bank and the IMF. We live off whatever generosity and loans those organizations feel like granting us. Seen from that angle, it is therefore logical for the government's friends to be decorated and receive medals, however much it may pain us as a nation. The same thing is true of the Police. When it was Sandinist, it was the guardian of revolutionary law and order, eradicated the remnants of Somocism, and fought counterrevolutionary activity. It cared for the people as if they were a beloved child and had profound respect for them. Never did it support evictions from homes or land. Ministers under the previous government never dared—nor did it ever occur to them—to call upon the Police to settle quarrels with workers, much less impose decisions by force.

The National Police are different. It is mainly there to defend the established order of the Lacayos, the Alemans, et al. They are quick to use clubs and tear gas on demonstrators and strikers ("carrying out orders from above"). They knock about students and workers alike and ruthlessly evict settlers and peasants, while protecting politicians returning from Miami.

And yet, it is fitting to recognize that certain functions remain unchanged. They continue to fight drug addiction, delinquency, and crime with the paltry resources and pitiful salaries given them. They do the unspeakable in trying to protect poor taxi drivers and merchants from the brutal wave of crime which the return to uncontrolled capitalism has brought with it.

Let us be realistic and admit that times have changed. In other words, Mr. Baker has nothing to be worried about. The few of us left from the past are no longer the same, but we must never forget from what heights Morazan stands watch over us. Without question, better times lie ahead.

* FSLN Unity, Ideology Discussed

* Objectives Required

92CA0091A Managua BARRICADA in Spanish 31 Jan 92 p 3

[Article by Ernesto Castillo M.]

[Text] Before the election defeat, there were two clear poles around which we demanded unity. One was patriotic in order to stand up to the armed aggression of the United States. The other took sides with FSLN [Sandinist National Liberation Front] activists in order to support the programs of the revolutionary government. That unity around well-defined objectives enabled us to survive in extremely difficult situations.

For the sake of such unity, we closed many discussions, ceased correcting many errors, and tolerated unsuitable behavior on the part of a number of members of the FSLN.

Circumstances have changed since the election defeat, but in the FSLN we have not adapted our conception of unity to those new circumstances. We must take a look at what kind of unity must be preserved.

For the First Congress, the whole question of unity was centered around the makeup of the National Directorate (DN) and it was then held that any change would be dangerous. Such passionate discussions, accompanied by intense scheming, prevented any thorough discussion or clear definition of the FSLN's objectives in this phase. If our objectives had been defined, the makeup of the National Directorate would cease being an essential, vital affair.

Unfortunately, those definitions have not been forthcoming and we are consequently suffering a dangerous breakup that is apparent to all of us.

Not only has the FSLN's internal situation changed, but the Socialist camp has also collapsed. These two circumstances logically force us into a search for ideological and political definitions in keeping with the new reality. It is not solely a matter of planning for the elections in order to make it possible to regain power in 1996.

We cannot wait for a congress or new National Directorate to define clearly just what the FSLN will be like and who its members in this new phase will be.

We must be clear and immediately determine: 1) whether the FSLN will join the Socialist International; 2) whether we believe that in this transitional phase, an open alliance should be formed with the group of pragmatic technicians in the government and fearlessly say so; and 3) whether the FSLN will pursue its program of moving toward socialism.

The problem we are now experiencing in the FSLN is not whether or not there is any will for unity, but rather, unity around what and for what.

Until we have answered this question, we shall be locked into speculation and accusations about whether certain activists or factions are extremist leftist radicals, opportunists, or social democrats. Let us define the goals and let those most suited to lead us down the chosen path do so.

Those of us active in the FSLN have acquired sufficient culture to opt responsibly for the political line most in keeping with our convictions. It is urgent that we be presented with such an option.

The history of the FSLN is too rich in sacrifice and political ability for us to be afraid of a clear definition of our objectives. The search will logically produce debate and the assessment of responsibilities. Vices and defects

will abound and the party that emerges will not be the same in number or conception, but it will surely be the one we need for this phase.

To fail to face openly the normal, logical crisis in which we find ourselves and which we all know was not solved at the congress can only further weaken us as a party and wear us out in discussions stemming more from the conduct of a given leader than from substantive issues vital to the existence of the FSLN as a party.

* Decisionmaking Viewed

92CA0091B Managua BARRICADA in Spanish 25 Jan 92 p 3

[Article by Victor Hugo Tinoco]

[Text] In his book "Negotiations," Amselm Strauss says that when individuals, groups, or organizations of any size wish to achieve a common objective, they must come to agreement on how to do so. In order to reach agreement on how to proceed, they have several options: negotiating, persuading, educating, manipulating, calling upon established rules, appealing to authority, and coercion.

When one reviews the history of society and organizations, we find that in practice, a mixture of all these options is used in varying proportions.

The history of our life underground in the 1960's and 1970's and the past decade of defense against aggression and the external siege imposed centralized (vs. based on consultation) decisionmaking practices on the FSLN. Many things have changed internationally, nationally, and within the FSLN over the past three years. No longer is it possible to function—decide and act—using the old methods.

The argument of the authority of leaders, the external threat that put everything at risk, and even doctrine understood as a specific and unquestioned conception of the organization of society no longer have the same power of cohesion and bonding.

Under the current circumstances, the unity and coherence of the Sandinist movement require intensive use of other forms of cohesion: dialogue, persuasion, and negotiation.

This need for persuasion and negotiation and the contempt in which it is held by leadership sectors of the FSLN are at the root of some of the most recent controversies and floods of criticism that we have seen. Let us look at a few examples:

The Camilo Ortega Medal awarded to the American military attache: We are not debating the fact that granting decorations and recognition is within the institutional competence of the EPS [Sandinist People's Army]. We do not question the importance of working for better relations with the United States. However, having underestimated or denigrated the reaction which such an action would have in the Sandinist sector of society is a political error. To try to discredit this adverse reaction by labeling it as that of radical, guerrilla minorities is an even more serious political error. Such errors have nothing to do with final strategic objectives, but rather, with form, with how this objective is to be achieved.

The problem is that, based on his experience as a leader over the past 25 years, General Ortega continues to think that peace, revolution, democracy, and development come about by themselves and that changes in positions are achieved by abrupt movements of the rudder or "bold" decisions, decisions made at the top with very little consideration for what the rest of society, Sandinist and non-Sandinist, thinks.

He does not understand that while the military institution is professional and nonpartisan, it is not an island. It is immersed in and connected with Nicaraguan society by many bonds, bonds that are historic, social, material, and spiritual.

The FSLN's entry into the Socialist International [IS]: A similar problem is the one we have with the surprising announcement of an alleged request for entry into the Socialist International.

If the National Directorate (DN), for one, or a group of FSLN leaders thinks it is necessary to join the IS, they have the right to that view.

However, according to the statutes, neither the DN nor any other individual leader has the right to decide the matter.

At the National Congress of the FSLN in July of last year, it was decided to shelve that discussion temporarily.

It is obvious that within the FSLN there are some who favor joining the IS, those who oppose it, and the undecided. I think that those opposed and the undecided form the majority, but even if the latter were a minority, it is unacceptable that decisions should be made without the most minimal consultation.

I believe it is proper to join the Socialist International, but I also believe it is incorrect to denigrate the opinions and doubts of broad sectors of comrades, whether they are a majority or minority.

We shall not achieve unity and coherence in FSLN action by sudden rudder changes or "bold" decisions by the leadership, but only through a serious, sustained process of dialogue, persuasion, and negotiation in the Sandinist Assembly and with our intermediate and rank-and-file sectors.

It would be another political error to try to resort to the DN's authority in order to sell a decision that has already been made. The only thing we would accomplish would be to frustrate and discourage the rank-and-file even further. That is not the way to defend the achievements of the revolution or become a viable government alternative in 1996.

Argentina

Commentary Affirms 'Tide' Turning Against Menem

PY0203153292 Buenos Aires BUENOS AIRES HERALD in English 1 Mar 92 pp 3, 20

[From the "Politics & Labour" column by Michael Soltys: "Prince of Tides Adrift With Cash Flow"]

[Excerpt] If President Carlos Menem is the "prince of tides," the tide turned against him last week in a number of ways.

Firstly, the decision to increase value-added taxation (IVA) from 16 to 18 percent directly reflects giving ground on the IEPE [expansion unknown] company primary surplus tax—in a week in which meat prices rose four percent, it will also stoke inflation, which will top two percent for February. The government has not only made concessions to business lobbying for capital deductions but also to provincial pressure since five percent of IEPE or 400 million pesos is now earmarked for social spending in Greater Buenos Aires with a further 160 million pesos for other provinces—this is the direct result of the priority given by Buenos Aires Governor Eduardo Duhalde to political needs.

Secondly, the government showed signs of yielding on its reforms of the social welfare funds and this may also be directly related to IEPE, reflecting an anxiety over the votes of trade unionist Peronist deputies in favour of the tax package in Congress.

Thirdly, the trials and tribulations of Aerolineas Argentinas are slowly making Menem's once magic nostrum "privatization" a dirty word (literally dirty, bearing in mind the cholera aboard Flight 386). The scandal of Aerolineas and others are a direct result of the way in which Menem and his following have monopolized power, removing the judicial controls, as well as other checks and balances—there is not even the self-regulation of a party structure since Menem rules through his friends as much as anything else. Monopolizing power costs Menem accountability and thus credibility, making it easier for people to believe anything about him—such as that he accepted four million dollars from Libyan dictator Muammar al-Qadhdhafi, for example.

Preppy IEPE

Economy Minister Domingo Cavallo emphasized the reduction of the assets tax from two to one percent and cutting cheque taxation from 1.2 to 0.3 percent as the main reasons for upping IVA two percent to make good a 100-million-dollar revenue shortfall but in fact the IEPE concessions are the real reason. The new deductions go far to dismantling earlier criticisms that the original base (company revenue minus pay and social costs) favoured labour-intensive firms at the expense of capital-intensive—companies can now claim for stocks, previous capital investments still undergoing depreciation, exports, any income already taxed, etc. so that they do not only benefit with an instant depreciation of present and future investments. However, it is not clear whether enough has been conceded to placate farming and industrial organizations.

This new look of the highly complex IEPE nevertheless gives rise to questions as to whether Cavallo has the right model. In many ways this seems to be launching supply-side economics from the opposite end to Ronald Reagan—strong on encouraging investment but weak on tax breaks for more consumption (although it must be said that Cavallo plans sweeping cuts of personal income taxation with exemption ceilings in excess of 5,000 pesos). In this sense what Cavallo is trying to do looks more like the old-style communism on the other side of Star Wars, which was strong on capital goods (the deadweight of Soviet heavy industry) but starved its consumers. If low prices are more important to dynamizing the economy than high investment, Cavallo has moved the wrong way in releasing 100 million dollars from corporate taxation and burdening consumption instead in the form of IVA, which is notoriously unfair in social terms since on any item the beggar and the millionaire equally pay 18 percent (the IEPE rate, incidentally). High profit margins were only justified by inflation and should now be lowered in times of stability—profits are too high and wages too low in the only Latin American country where poverty has constantly grown over the last 20 years. Even if increased taxation is compatible with more investment (a dubious proposition), gunning for both might not be wise.

Secondly, the fact that Cavallo has put his revenue needs ahead of the risk of inflation shows that he is placing fiscal policy ahead of the economic situation. If prices do rise—and Cavallo himself admitted earlier in the month that IVA increases have an inflationary effect, even if only one-time (like the 21 percent inflation in Margaret Thatcher's first year when she introduced a 15-percent levy)—they will do so now while IEPE has yet to clear Congress and accountancy techniques to banish primary surplus might develop by the time IEPE becomes law. Ironically enough, the fears of school costs causing a high March inflation figure have been largely allayed with school fee hikes limited to four percent and merchants observing voluntary restraints on textbook prices but there are still fears of a bad figure this month because of IVA and meat (6,000 Uruguayan head of cattle have already been imported). Cavallo's annual inflation figure of seven percent and even the 10 percent volunteered last week by Menem obviously look increasingly unrealistic.

Inflation in turn has Cavallo caught in a cleft stick of either yielding to wage claims or punishing consumption. Is last year's extraordinary consumer boom (industrial production rose 30 percent and idle capacity fell from 45 to 25 percent) compatible with increased taxation; might not the cost of removing the fiscal deficit be

recessive? The one hope is that monthly inflation rates of two and three percent still leave prices stable enough for competition to be possible.

Finally, a major anxiety about current economic policies is the extent to which they are making the rich richer and the poor poorer. Some income differentiation is healthy after the damage wreaked by hyperinflation but while economic modernization policies are the only ones possible, they could also turn out to be socially disastrous without sufficient attention to that front—even the rare combination of political and economic liberalism is not enough to turn a society around.

Obras Son Amores [Works and Good Deeds]

The government's much-vaunted labour offensive seemed to be wilting last week with little talk of decreeing social welfare fund (obras sociales) deregulation or of staggering the aguinaldo bonus. Instead the government had to apologize for shortfalls in the receipts of the old funds (apparently because much of the money was directed to the newfangled SUSS [expansion unknown] general fund instead of the specific funds) although somebody at the Labour Ministry truculently muttered that if the unions received so much money in the past, what did they do with it? Despite their unpopularity, the unions seem to be suddenly in much less of a no-win situation as they fight for two billion dollars worth of funds.

The unions are hardly giving less priority to opposing other reforms such as the bills on collective wage bargaining and trade union associations (which must have 20 percent of the workers they claim to represent in future). CGT [General Confederation of Labor]-San Martin leader Raul Amin (indicted for irregularities in the San Juan social welfare funds) had the cheek to say that the government move on the funds contradicts its own privatization policies while the unions also argue that free collective bargaining is being excessively regulated by a government which prides itself on its deregulation—civil servants (excluded by Supreme Court decision) teachers, farm hands and domestic servants are all ineligible for collective bargaining. It remains to be seen how the Peronist unionist deputies will behave and whether the Radicals will dare to vote against this updated version of their own Mucci law, which is backed by the Argentine Industrial Union (UIA).

The unions also eye askance the new 100-peso dole for 100,000 jobless workers (unemployment was quantified last week at six percent)—not out of any fear of abuses by "welfare bums" but because they hate losing membership. Duhalde, who wants fewer and better paid teachers, accused the unions of padding the ranks of Buenos Aires teachers, who account for 175,000 out of a total provincial payroll of 300,000, by 50,000 for political purposes. The big question for next week is whether teachers will start classes while in the other main labour news last week court clerks received pay increases of between 15 and 30 percent. Meanwhile, supporters of the CGT-San Martin, the 62 Organizations, Saul Ubaldini, Luis Barrionuevo and the independents are all preparing for the March 26 assembly when they are to choose a collegiate CGT leadership. Another big labour issue is the continuing UOM [Metalworkers Union] dispute while labour law cases are suffering a hopeless backlog in the country's 64 labour courts. [passage omitted]

Capital Residents View Menem Term as 'Positive'

PY0203131492 Buenos Aires BUENOS AIRES HERALD in English 1 Mar 92 p 4

[From the "Argentina in Brief" column]

[Text] (NA-DYN)—Some 58 percent of Buenos Aires residents consider President Carlos Menem's term "positive," while 27 percent called it "regular" and another 13 percent, "bad," according to a private opinion poll. The survey, carried out by Mansilla, Delich and Associates, who questioned 320 persons, suggested that the president's image has improved by 19 points in comparison to last November and by 15 in comparison to last July.

* Rio Negro Radicals Support Menem's Reelection

92SM0262C Buenos Aires LA PRENSA in Spanish 4 Feb 92 p 4

[Text] Viedma (TELAM)—The Rio Negro UCR [Radical Civic Union] plenary conference, chaired by provincial Governor Horacio Massaccesi, voted in favor of reforming the National Constitution to allow the reelection of President Carlos Menem.

The plenary session was held in San Antonio West this weekend; this position was advocated by the Rio Negro radical leader, with the practically unanimous support of all the UCR local district leaders in the province.

Massaccesi recalled Ricardo Balbin, of whom he said that "he did not hesitate to break with tradition and join forces with Juan Peron when the nation demanded that of him," and he extolled national unity as a higher value.

"If just five years ago the party wanted reform," said Massaccesi, "even if that was a tactical necessity to promote Raul Alfonsin's reelection, we cannot now deny Peronism the possibility, if it so wishes, to try to reelect Menem."

The top radical leader of Rio Negro province said the UCR "cannot remain outside history, turning its back on the people, who ultimately will decide who will govern them during the next term, with or without a constitutional reform."

Criticism of Alfonsin

Without mentioning him by name, Massaccesi alluded to Alfonsin and his followers, rejecting what he called "ambiguous and constant overacting." He attributed the

radicals' loss of control of the government to "corporations and economic interest groups," and he urged the party's internal sectors to undertake indepth self-criticism.

In another reference to the former president, he said: "Society is attempting to build a new national model with courage and commitment, not with absences." The governor, who was reelected by a strong majority on 8 September 1991, was given an ovation by the Rio Negro UCR leaders taking part in the plenary meeting.

When asked about the constitutional reform bill which includes presidential reelection, Massaccesi said that "after the debate, it was decided to introduce a number of amendments to the bill, especially related to some particular points. This bill will be analyzed and debated by each of the sectional committees."

* Araoz Acknowledges Need for Social Policies

92SM0262A Buenos Aires LA PRENSA in Spanish 1 Feb 92 p 8

[Text] The minister of health and social action, Julio Cesar Araoz, said that for the national government, "it is very important to have reached the first step on the ladder of social justice, which is low inflation, good management of the foreign debt, and an economy in equilibrium."

Araoz made this statement two days ago when delivering a solidarity subsidy of $81,000 for 170 families in the Borgward neighborhood of Isidro Casanova, La Matanza district. This money will help them to buy the land they live on, and also to build a health center and develop a community garden.

He was accompanied by the president of the National Chamber of Deputies, Alberto Pierri—a resident of the district—the Buenos Aires province minister of health and social action, Jose Pampurro; the superintendent of La Matanza, Hector Cozzi, and other officials.

In speaking to the residents of the humble Borgward neighborhood, the minister said: "There are adjustment policies that have damaged the social fabric of the nation for a long time." He recognized that the "adjustment policy" implemented by the present government "has been very harsh," but he emphasized that "it has produced positive results."

On the positive side, he listed "not having inflation, having balanced accounts and beginning growth." He pointed out that "this means that there are adjustment policies which are worthless, which work against the people, and there are adjustment policies which are the first step toward social justice."

The Government's Obligation

He said the current policy "benefits all sectors." He did acknowledge that "there are unprotected sectors without access to jobs; they remain sunk in poverty and they are paying a high social cost." He said: "It is the national government's obligation to stretch out its hands with the necessary policies" to help these groups.

In addition, Araoz promised that "within a very short time people without jobs will once again be brought into the productive chain; through efforts made by each of you, the map of poverty is going to shrink."

Later the minister said that he has met with representatives of housewives' groups, with whom he discussed the issue "of control of food in Argentina, and changes in nutritional standards."

Finally, he said that another matter they discussed was "essentially working together—producers, marketers, and consumers—so that we can have a better health policy, based on improved food in terms of both quality and prices."

* Buenos Aires Senatorial Elections Announced

92SM0262B Buenos Aires CLARIN in Spanish 1 Feb 92 p 8

[Text] Not even the possible candidacy of radical Fernando de la Rua will cause the government to postpone the elections scheduled for July to elect a national senator representing the Federal Capital. This was confirmed yesterday by Minister of the Interior Jose Luis Manzano, the secretary general of the presidency, Eduardo Bauza, and Buenos Aires Superintendent Carlos Grosso.

The elections "will take place as scheduled during the second week in July," said Bauza, denying speculation to the contrary.

This confirms CLARIN's exclusive report published two weeks ago about the date of these crucial elections. In recent days, other stories have mentioned a supposed postponement of the elections until November.

The election of the senator representing the capital, with the government strongly backing Avelino Porto's candidacy, and the radicals' strategy, could become a virtual plebiscite on President Carlos Menem's performance in office.

According to Grosso, the origin of the story about the election postponement is supposedly that UCeDe [Union of the Democratic Center] leader Francisco Duranona y Vedia "was once a business partner (in a law office) of De la Rua. The stories about postponing the elections are a clumsy maneuver on the part of the radicals who need every chance they can get to have any hope of winning in July."

Using almost the same words as Grosso, metropolitan Peronism said the radicals would favor postponing the elections because, "while we expect a determined and

orderly internal election, they, lacking any credible program to offer the people, expect a harsh struggle between leaders who will need more time to regain credibility with the voters."

The radicals have not yet chosen their candidate. Some potential candidates are, among others, Rodolfo Terragno, Cesar Jaroslavsky, Jorge Vanossi, and outgoing Senator Juan Trilla. But everything seems to suggest—according to the latest meetings of the district's radical leaders—that Fernando de la Rua himself may be the one who will represent the UCR [Radical Civic Union] with voters who have traditionally supported him.

The UCeDe's Duranona y Vedia made a personal comment on the need to postpone the elections so as not to entangle parliamentary work with election campaigns. But after Grosso's accusations, the liberal leader retorted: "I was not a partner of De la Rua, despite the peculiar ideas Maria Julia Alsogaray is suggesting to the government. If we are talking about partnerships, the partnership between Maria Julia and Grosso could be quite interesting."

Alvaro Alsogaray said his party would support the government-backed candidate, Avelino Porto, only "as a result of a programmatic pact reflecting mutual agreement between the reform begun by President Menem and the party's traditional position."

The former presidential adviser stated: "I am not seeking the senatorial nomination."

Union Leaders 'Blasted' New Welfare System

PY2802223492 Buenos Aires BUENOS AIRES HERALD in English 28 Feb 92 p 11

[Text] (NA-DYN)—The Labour Movement Commission—which groups union leaders from all political sectors—yesterday blasted the new unified social welfare funds system while Labour Minister Rodolfo Diaz defended the system, stating that "it allows us to collect more than what the welfare funds were gathering by themselves."

The commission had described the funds as "facing a terminal crisis" but Diaz said that "on Wednesday 26 we had collected 138 million pesos, which is more than the 128 they could boast of in December." However, Diaz admitted that "some problems with the banks" caused delays in the distribution of the funds to the individual accounts of each union.

He pointed out that "we are working hard to solve this problem and to prevent these delays from happening in the future." The minister added that "this is certainly not a new problem nor is it a defect of the new system."

Trade workers' leader Armando Cavalieri had previously accused the authorities of "providing less than half the money the social welfare funds used to have so there is no money for doctors and nurses and other expenses." Diaz explained that what the union leaders consider lack of fund-raising "is really a time problem" and asked workers to "keep calm and have patience."

Finally, the opposition CGT [General Confederation of Workers]-Azopardo demanded that the government "return to the previous social welfare funds system." The grouping says that the new system "is not serious" and warns the authorities that it would "use all necessary legal action to prevent this new legislation from coming into effect."

Political 'Programmatic Agreement' Criticized

PY0203131292 Buenos Aires BUENOS AIRES HERALD in English 1 Mar 92 p 4

[From the "Argentina in Brief" column]

[Text] (NA-DYN)—Leaders of the Democratic Centre Union (UCeDe), the governing Justicialist Party and the opposition Radical Party criticized the agreement signed on Thursday [27 February] night by UCeDe veteran founder Alvaro Alsogaray with Buenos Aires Mayor and head of the Justicialist Council in the district Carlos Grosso. Both leaders reached a "programmatic agreement" which they described as "an ideological accord on a common belief in the need to reach a free, competitive and private economy and to achieve justice and freedom for all" but critics from both sectors described it as a pact for the UCeDe to support the candidacy of Justicialist senatorial candidate Avelino Porto. "This is the end of the UCeDe as an independent party," said the party head Federico Clerici. "This leaves Argentina without electoral alternatives," he added.

In turn, Radical senatorial hopeful Rodolfo Terragno described the Grosso-Alsogaray agreement as "a confession of weakness, because the government knows that it couldn't possibly defeat the Radicals by themselves."

Unemployment Down in Capital, Up Elsewhere

PY0203034292 Buenos Aires BUENOS AIRES HERALD in English 29 Feb 92 p 11

[Excerpt] (NA-DYN)—Better job opportunities in the Federal Capital and Greater Buenos Aires area pushed down unemployment from 6.3 to six percent over the past six months, but the situation worsened in the interior of the country, especially the provinces of Formosa, Tucuman and Tierra del Fuego, the INDEC [National Institute of Statistics and Census] statistics institute reported yesterday. Also affected were Santa Fe, Corrientes, San Luis, Santiago del Estero.

The jobless rate rose from 6.7 percent to 7.0 percent on average in the provinces but dropped to 5.3 percent in the Federal Capital and Greater Buenos Aires. An overall 450,000 workers are out of work around the country.

Underemployment, on the other hand, was reported to be falling in equal proportion in most of the 25 cities

surveyed, both in the interior and Buenos Aires. On average, underemployment has dropped from 8.9 to 7.9 percent of the working population, or 590,000 workers. [passage omitted]

Tax Increase Leads to Higher Basic Food Costs

PY0403013892 Buenos Aires BUENOS AIRES HERALD in English 3 Mar 92 pp 1, 5

[Text] (DYN-NA)—The two percent hike in the IVA value added tax which went into effect yesterday led to increases in basic food basket items of between one and six percent, surveys in Federal Capital supermarkets showed. Economy Minister Domingo Cavallo meanwhile saw no justification for the increases. "There is no reason why the hike in IVA from 16 percent to 18 percent should have an impact on prices, considering nine days ago we lowered the cheque tax from 1.2 to 0.3 percent," he said.

He added that private services prices have been increasing at an average monthly rate of two percent since last April. As a result, fees charged by dentists, doctors and restaurants are between 40 and 50 percent higher than a year ago, Cavallo said.

But Cavallo still held to the now seemingly impossible goal of seven percent inflation for 1992. "This would mean a ten percent inflation rate for retail prices and five percent in the wholesale sector," Cavallo estimated. He once again ruled out devaluation, stressing convertibility "is unmovable, and will continue being so for a very long time."

The fixed peso-dollar parity "helps stability, economic recovery and exports," the minister said. The fixed parity is the variable "that will guarantee success of the economic plan," Cavallo said. He reiterated that the IVA hike was necessary to offset the decline in government revenue due to lower cheque and assets taxes.

The latter was lowered yesterday from two to one percent. The minister seemed ill at ease with the IVA hike. "Raising the IVA rate does not make me happy, I would like to be able to lower taxes," Cavallo said.

Industry and Trade Secretary Juan Schiaretti also justified the IVA hike. "From a political and economic perspective, our priority is preserving fiscal and monetary discipline," he said. "The argument that the IVA increase means higher tax pressure is false." Schiaretti said. He added that yesterday the Trade and Industry Secretariat held talks with leading firms and key business chambers, in which the latter pledged to absorb the IVA hike by not transferring the two percent rise to consumers. Sources at the Economy Ministry said they expect an abrupt decline in inflation in April as a result of the IVA hike.

A survey undertaken by a local news agency in the Federal Capital showed prices increases in some products of between one and five percent. According to the survey, cheese prices increased by 3.5 percent, flour, cooking fat and oil by five percent. A second survey undertaken by the CAME business chamber revealed articles in bookshops and linen stores rose by three percent on average. Prices in hardware stores and construction materials rose by two percent, clothing by 1.6 percent and home appliances by 1.3 percent.

The decision to hike the value added tax came under heavy fire from the business sector. Argentine Chamber of Commerce (CAC) head Carlos de La Vega said the tax will "cut consumption by between 90 and 100 million dollars," adding that the hike "will undoubtedly be felt throughout March."

The hike will "have a direct impact on costs," the CAC head said. He criticized the government for attempting to reach fiscal equilibrium by raising duties rather than slashing expenditure. De La Vega said there is no evidence to indicate the state is making efforts to reduce spending. "The state should make greater efforts to reduce spending, and not merely rake in money by denting the tax payer's pocket," De La Vega said.

Brazil

'Text' of Government Agreement With Paris Club

PY0303151592 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Feb 92 Economic Section p 5

["Text" of agreement signed by the Brazilian Government with Paris Club creditors in Paris on 26 February]

[Text]

I—Preamble

1. Representatives of the governments of Germany, Austria, Belgium, Canada, the United States, France, Italy, Japan, the Netherlands, Great Britain, Sweden, and Switzerland, hereinafter referred to as "participating creditor countries," met in Paris on 24-26 February 1992 with Brazilian Government representatives to examine a Brazilian petition for relief in the servicing of its foreign debt. Also attending the meeting were observers for the governments of Denmark, Finland, and Norway; and for the IMF; the International Bank for Reconstruction and Development; the Inter-American Development Bank; the UN Conference on Trade and Development; the EC Commission; and the Organization for Cooperation and Economic Development.

2. The Brazilian delegation described their country's economic and financial difficulties and its firm resolve to offset its economic and financial imbalances and to meet the goals outlined in the confirmation agreement signed with the IMF.

3. The IMF representatives described the Brazilian economic situation, as well as the main elements of the adjustment program undertaken by the Brazilian Government with IMF support through a stand-by loan

approved by the IMF Council of Administration on 29 January 1992. This agreement, extending until 31 August 1993, includes specific economic and financial commitments.

4. The representatives of the participating creditor countries have taken into account the corrective measures included in the financial and economic program undertaken by the Brazilian Government. They also have emphasized the significance they attach to the regular and full implementation of this plan, especially in revitalizing the productive sector and improving the management of public finances and foreign currency resources.

II—Recommendations on Rescheduling Terms

In light of the serious difficulties Brazil is encountering in meeting its payments, the representatives of the participating creditor countries decided to recommend that their respective governments or organizations provide relief for the Brazilian debt by rescheduling or refinancing it under the following terms:

1. Definition of the debts in question

The debts for which this rescheduling is applicable are:

a. Commercial credits initially scheduled to last more than a year that are guaranteed or backed by the governments or respective organizations of the participating creditor countries and that are the subject of a contract or any other form of financial agreement scheduled to conclude before 31 March 1983 [as published].

(I) which were granted to or are guaranteed by the Brazilian Government;

(II) or which were granted to other organizations as long as the respective payments in local currency were deposited at the Brazilian Central Bank before 31 December 1990, or which had fallen due before 31 March 1991 in the case of the Brazilian Petroleum Corporation (Petrobras) or the Rio Doce Valley Company (CVRD);

(III) which were rescheduled or reorganized through previous agreements.

b. Loans granted by the governments or respective organizations of the participating creditor countries that were initially scheduled to last more than a year and that will expire before 31 March 1993:

(I) which were granted to or are guaranteed by the Brazilian Government;

(II) or which were granted to other organizations as long as the respective payments in local currency were deposited at the Brazilian Central Bank before 31 December 1990 or which were due to expire before 31 March 1991 in the case of Petrobras or CVRD;

(III) or which were rescheduled or reorganized through previous agreements.

c. Reimbursements of the principal and interest stemming from debt consolidation agreements already concluded or about to conclude in compliance with the agreements of 21 January 1987 and 29 July 1988.

It was established that the principal and interest amortization of the aforementioned bonds, carried out through special payment mechanisms or other external accounts, is included in this reorganization. Creditor countries will reschedule, refinance, or take other appropriate measures to assure that that debt category will be dealt with in keeping with terms comparable to those applied to other debts considered in this accord.

It is hereby understood that the principal and interest amortization resulting from the consolidation agreements that concluded in implementation of the accord signed on 23 November 1983 has not been affected by the current reorganization.

2. Terms of consolidation

Relief of the debt will be made on the following basis:

A - In the case of overdue amounts between 1 January 1992 and 31 August 1993, which were included but not agreed upon:

100 percent of the amount of the principal and interest (with the exclusion of interest in arrears) owed between 1 January 1992 and 31 August 1993—on which an agreement has not yet been reached—on credits, loans, and the consolidations mentioned in Paragraph 1, will be rescheduled or refinanced.

The Brazilian Government will reimburse the amounts as follows:

0.01 percent on 30 June 1995;
0.01 percent on 31 December 1995;
1.96 percent on 30 June 1996;
2.14 percent on 31 December 1996;
2.32 percent on 30 June 1997;
2.52 percent on 31 December 1997;
2.72 percent on 30 June 1998;
2.94 percent on 31 December 1998;
3.16 percent on 30 June 1999;
3.39 percent on 31 December 1999;
3.64 percent on 30 June 2000;
3.89 percent on 31 December 2000;
4.16 percent on 30 June 2001;
4.44 percent on 31 December 2001;
4.73 percent on 30 June 2002;
5.03 percent on 31 December 2002;
5.35 percent on 30 June 2003;
5.68 percent on 31 December 2003;
6.03 percent on 30 June 2004;
6.39 percent on 31 December 2004;
6.77 percent on 30 June 2005;
7.16 percent on 31 December 2005;
7.57 percent on 30 June 2006;
27.99 percent on 31 December 2006.

B—In cases where amounts that became due on 31 December 1991 were included but not paid:

I—a. The Brazilian Government agrees to finalize, as soon as possible and no later than 31 December 1993, payments to those participating creditor countries that began receiving payments on 1 April 1990 (with the exclusion of overdue interest), seeking to pay, by 31 January 1992, at least 10 percent of the principal and interests that fell due between 1 April 1990 and 31 December 1991, including those credits and loans referred to in Paragraphs 1. a. and 1. b. Overdue interest will be collected based on those amounts.

b. The Brazilian Government agrees to finalize, as soon as possible and no later than 31 January 1993, payments to the participating creditor countries that began on 1 January 1990, (with the exclusion of overdue interest) on the portion of the debt that became overdue on 31 December 1989, so as to have paid by 31 January 1993, at least 10 percent of the principal and interest that fell due between 1 January 1980 and 31 December 1991, which were included on consolidation agreements concluded through implementation of the agreement signed on 21 January 1987. Overdue interest will be collected based on these amounts.

c. The Brazilian Government agrees to finalize, as soon as possible and no later than 31 January 1993, payments that began on 1 January 1990 (with the exclusion of overdue interest) without payments that became overdue until 31 December 1989, so as to have paid by 31 January 1993, at least 5 percent of the principal and interest that fell due between 1 January 1990 and 31 December 1991, which were included in consolidation agreements already concluded or to be concluded through implementation of the agreement signed on 29 July 1988. Overdue interest will be collected based on these amounts.

II—Following the implementation of Paragraph I:

All the principal and interest (except overdue interest) payable on 31 December 1991—which are included and still owed—on credits, loans, and consolidations mentioned in Paragraph I, will be rescheduled or refinanced. The Brazilian Government will reimburse the amounts as follows:

0.01 percent on 30 June 1995;
0.01 percent on 31 December 1995;
1.96 percent on 30 June 1996;
2.14 percent on 31 December 1996;
2.32 percent on 30 June 1997;
2.52 percent on 31 December 1997;
2.72 percent on 30 June 1998;
2.94 percent on 31 December 1998;
3.16 percent on 30 June 1999;
3.39 percent on 31 December 1999;
3.64 percent on 30 June 2000;
3.89 percent on 31 December 2000;
4.16 percent on 30 June 2001;
4.44 percent on 31 December 2001;
4.73 percent on 30 June 2002;
5.03 percent on 31 December 2002;
5.35 percent on 30 June 2003;
5.68 percent on 31 December 2003;
6.03 percent on 30 June 2004;
6.39 percent on 31 December 2004;
6.77 percent on 30 June 2005;
7.16 percent on 31 December 2005;
7.57 percent on 30 June 2006;
7.99 percent on 31 December 2006.

C - Overdue interest is that interest generated between the date established in the contract for the payment of the principal and the interest and a date to be established in bilateral agreements concluded at the time of implementing the current accord.

3. Interest Rates

The rates and conditions of the interest to be paid with financial facilities covered by the current accord will be established bilaterally between the Brazilian Government and the government or appropriate organizations of each of the participating creditor countries, following market interest rates.

III—General Recommendations

1. To ensure equitable treatment of public and private foreign creditors, the Brazilian Government commits itself to obtain from its foreign creditors, including banks and suppliers, a rescheduling or refinancing of its debt under conditions similar to those contemplated by the current signed accord.

The participating creditor countries encourage these efforts, because the current signed accord is the basis for an equitable division of the burden of the debt among the various categories of creditors. This division will be implemented within the framework of the Brazilian economic adjustment program, which is supported by the IMF and in keeping with a projection of the Brazilian capacity of servicing its debt with foreign creditors in 1992 and 1993.

2. The Brazilian Government hereby agrees to negotiate, on the basis of the best rescheduling or refinancing terms, its debts on similar terms with other creditors.

The Brazilian Government will send a written report to the chairman of the Paris Club, on 31 October 1992 at the latest, informing him of the progress made in the aforementioned negotiations. The Brazilian Government will also inform the chairman of the Paris Club, as soon as possible, all agreements reached with other foreign creditors.

3. The measures of this signed agreement will not apply to creditor countries whose total amount of matured principal and interest owed during the renegotiation period on the debts specified in Article II, paragraph 2, including interests in arrears, or those amounting to less than 2 million Special Drawing Rights [sentence as

published]. Payments to the mentioned countries will continue to be made as originally scheduled. Matured debts which have not been honored will be paid as soon as possible and, in any case, by 30 April 1992 at the latest.

4. The participating creditor countries have agreed that each country will provide, at the request of any other participating creditor country, a copy of its bilateral agreement with the Brazilian Government in compliance with the current signed agreement. The Brazilian Government is aware of this clause.

5. Each participating creditor country agrees to inform the chairman of the Paris Club of the date on which it signed its bilateral agreement, the agreed interest rates, and the amount of the debts in question. The Brazilian Government is aware of this clause.

6. The Brazilian Government will inform the chairman of the Paris Club of the content of its bilateral agreements with all the other creditors mentioned in the aforementioned Paragraphs 1 and 2.

7. The Brazilian Government hereby agrees to honor overdue debts that were not being paid until the date of this signed agreement in concept of consolidation, debts, credits, or other types of financial contracts payable on demand, granted or guaranteed by the governments or pertinent organizations of the participating creditor countries or observer countries, and which do not fall under the current signed agreement, as follows:

a) in cases where the principal and interest (excluding overdue interest arrears) matured on 31 December 1991, including the amounts not honored regarding the consolidation agreements established in the agreements reached on 23 November 1983.

(1) 20 percent of these amounts will be paid as soon as possible, or on 30 June 1993 at the latest.

(2) the remaining 80 percent will by honored in six equal and successive twice-yearly payments. The first payment will be made on 30 June 1994 and the last one on 31 December 1996.

b) The remaining amounts will be paid as soon as possible or on 30 April 1992 at the latest. Interests in arrears will be on paid on these amounts.

8. The Brazilian Government guarantees the immediate free movement of the equal value in foreign currency of all amounts paid in local currency as of the date of the signing of this agreement. It also guarantees the amounts in arrears of the dates mentioned in Articles 1) a) II0 and 1) b) II) [as published] owed or guaranteed by the participating creditor countries, or observers, or their representatives, or guaranteed by the all of them with the exception of the amounts whose payments in local currency were deposited in the Brazilian Central Bank before 31 March 1990, or in the case of the debt owed by Petrobras or the CVRD related to payments with deadlines before 31 March 1991.

9. Regarding the debts that result from contracts signed by companies where the Brazilian Government is largest shareholder, the government promises to take the appropriate measures to deposit or make the necessary transfers in accordance with current regulations.

IV—Application

The methods for rescheduling or refinancing the debt will be established in bilateral agreements to be reached by the government or the appropriate organizations of the participating creditor countries with the Brazilian Government on the basis of the following principles:

1. The government or the appropriate institutions of each participating creditor country:

—by reissuing debt bonds, putting at the disposal of the Brazilian Government new financing in accordance with the expiration dates of the existing agreements during the consolidation and at the percentages indicated above. This financing will be reimbursed by the Brazilian Government in accordance with the expiration dates mentioned in Article II, Paragraph 2 above;
—by rescheduling the expiration dates.

2. All other points related to the rescheduling or refinancing will be established in bilateral agreements which the Brazilian Government and the appropriate governments or organizations of the participating creditor countries will reach under the best terms before 31 October 1992. Regarding the debt mentioned in Articles II 1) a) II and 1) b) II [as published], the Brazilian Government or its appropriate institutions promise to quickly conclude a reconciliation of the amounts owed to creditor countries.

3. The measures of this agreement will only go into affect under the following conditions:

—that all bilateral agreements related to the agreement signed on 29 July 1988 be signed before 31 March 1992;
—that the Brazilian Government make the payments listed in Article III, paragraph 7 b) above on time;
—and that the Brazilian Government reaches, before 31 March 1992, with each of the participating creditor countries an agreement related to the recognition and reconciliation of the consolidated debt in compliance with the agreements signed on 23 November 1983, 21 January 1987, and 29 July 1988. The recognition by the Brazilian Government of the debt owed or guaranteed by the Brazilian Government, and covered under the signed agreement mentioned above as well as by this agreement will be independent of previous deposits made in local currency.

4. The clauses established in this agreement will be implemented until 31 December 1992 under the condition that the Brazilian Government continues to hold an appropriate accord with the IMF.

They will also be implemented between 1 January 1993 and 31 August 1993 under the condition that by 31 December 1992 the IMF Administration Council will finish reviewing the confirmation agreement scheduled to be concluded late in August 1992, and on condition that the payments mentioned in Article II, Paragraph 2 are made on time. To this end, the Brazilian Government agrees that the IMF will report to the Paris Club on the relations between the Brazilian Government and the IMF.

5. In order to expedite the implementation of this agreement, the Brazilian Government will have a special account at the Central Bank of one of the creditor countries or at the International Payments Bank to the equivalent of at least 180 million DES [Special Drawing Rights] at the end of each period of three months as of 31 April 1992 until 31 July 1993. The Brazilian Government commits itself to tell the Paris Club president before the end of March 1992 which bank was chosen for this purpose and to immediately report through this bank to the Paris Club president on the above mentioned payments. The total amount represents an estimate of the amounts owed from 1 January 1992 to 31 August 1993 to all creditor countries. The implementation of the current accord on interest due on the consolidation will be made through bilateral agreements. As payments become due, the Brazilian Government will withdraw the amount from the special account and make the payment. This bank will immediately report to the Paris Club president of the withdrawal. This mechanism can be renewed through an accord between the parties.

6. Creditor countries and Brazilian Government representatives will agree to recommend to their governments or appropriate organizations the completion within shortest possible time bilateral negotiations on the above mentioned terms.

Two official copies of the accord, in French and English, were signed in Paris on 26 February 1992 by the Paris Club president and the Brazilian delegation head.

Chile

Concern Over Honecker Presence in Embassy

Relations Could Be 'Tarnished'

PY0403030292 Santiago Television Nacional de Chile Network in Spanish 2300 GMT 3 Mar 92

[Text] Senate President Gabriel Valdes made some statements today that could have a strong impact in political circles. Senator Valdes commented on Erich Honecker's situation and on the participation of our ambassador in Moscow, Clodomiro Almeyda, in the case.

[Begin recording] [Valdes] I am not sure if Honecker is a guest of the government or a guest of Ambassador Almeyda. There is something odd there that concerns me. I have mentioned this concern before. I hope a solution will be forthcoming. I think that Mr. Honecker should resolve his personal situation facing the courts because if he was the head of state and did what he was convinced he had to do, he will be freed. Otherwise, he will have to confront his responsibility for the charges made against him in German courts. I would not like to see relations between Chile and Germany tarnished by a situation caused by a person who has no links with Chile and whose past is, at the least, politically doubtful.

[Unidentified reporter] What about Ambassador Almeyda's participation?

[Valdes] I have nothing against it. I am only saying that the situation should be treated professionally. I am not aware of the details, but I do not think we should confuse personal problems with state problems. This situation has to do with Chile's international relations. [end recording]

Justifications 'No Longer Exist'

PY0403003092 Santiago Television Nacional de Chile Network in Spanish 2300 GMT 3 Mar 92

[Excerpts] Chilean Foreign Minister Enrique Silva Cimma has disclosed that the Chilean Government will remain in contact with the German and Russian Governments in order to satisfactorily solve Erich Honecker's case.

The foreign minister read a medical report issued by Russian physicians in which it was stated that Erich Honecker does not suffer from any terminal disease.

[Begin Silva Cimma recording] Once the medical report was issued, Mr. Honecker today returned to our embassy in Moscow where he will remain as a guest. [end recording] [passage omitted]

This medical report will, undoubtedly, change the course of the tripartite negotiations between the Governments of Chile, Germany, and Russia since the humanitarian arguments that could have justified Erich Honecker's arrival in Chile no longer exist.

National, Liberal Parties Join Alliance

PY0203200592 Santiago Radio Chilena Network in Spanish 1600 GMT 2 Mar 92

[Text] Following a meeting of National Party, Liberal Party, National Renewal Party, and UDI [Independent Democratic Union] leaders, the National Party and the Liberal Party agreed to join the Center-Right Pact which comprises the National Renewal Party and the UDI. This information was supplied by Gustavo Cuevas of the National Party. He explained that the National Party and Liberal Party decided to join the Center-Right Pact because they share identical principles and values concerning the defense of the institutional system.

PL Chairman on Alliance

PY0303120892 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 2 Mar 92

[Speakers identified by screen captions]

[Text] The Liberal Party [PL] and the National Party [PN] have decided to join the UDI-RN [Independent Democratic Union-National Renewal Party] alliance for the coming municipal elections. This pact could well continue after 1992.

[Begin recording] [PL Chairman Eduardo Diaz] The PL is very pleased to be joining this alliance. We have been working for over a year to set up a broad opposition bloc to rekindle the hopes of the people that Chile could have a better government.

[UDI Chairman Jovino Novoa] We believe that this is a very important step toward a joint effort at the coming municipal elections and to shore up a more permanent political alliance in the future.

[Unidentified reporter] Could this be the cornerstone for a future alliance for the presidential elections?

[Novoa] I certainly believe that the opposition should stand united against the Coalition of Parties for Democracy and this pact for the municipal elections will be an important step toward the unity of the opposition in the face of coming electoral challenges. [end recording]

Chief Justice Opposes Judiciary Reform

PY0303032292 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 2 Mar 92

[Speakers identified by screen captions]

[Excerpt] Yet another chapter in the drawn-out debate on reform of the judiciary was written today at the opening ceremony for the 1992 judicial year. Supreme Court President Enrique Correa Labra made the opening speech in which he once again lashed out at the government bill reforming the judiciary that is currently in the Chamber of Deputies.

[Begin recording] [Unidentified reporter] One of the key and most controversial issues of the Coalition of Parties for Democracy government program is the reform of the judiciary. This is undoubtedly a sensitive issue because of the role played by the courts during the military regime.

The issue was the subject of several political negotiations from the very beginning of the Aylwin administration. These negotiations finally led to an agreement and the Chamber of Deputies approved the bill in general terms in January 1992. The Supreme Court president has strongly objected, however. On several occasions he has stressed the risks of politicizing the judiciary that are built into the government bill. The opening ceremony for the 1992 judicial year was no exception.

In his speech—which was repeatedly interrupted and only the first few minutes could be recorded—Correa emphasized the independence of the judiciary when discharging its duties. He voiced deep concern over the reform of the judiciary and the proposal to amend the structure of the Supreme Court and the manner in which its members are appointed. He said the interference of the government's political branches—that is, of the president of the nation and of the Senate—in the appointment of Supreme Court members was unacceptable.

Correa stated that through this procedure, the Supreme Court would reflect the majority in Congress, which would in turn lead to a loss of independence for the judiciary and the starting point of a crisis in Chilean courts. Finally, he urged the judiciary to remain on the alert to consequences of the reform.

Once the ceremony was over the chief justice reiterated his position:

[Correa] The government is wrong. We are right. All we need is more judges and we will resolve all the problems. There is no crisis, simply too much work.

[Reporter] That is all it will take: more judges?

[Correa] That is right. Tell me something, can you imagine a judge handling 5,000 cases? Answer me. [end recording]

The remarks of the Supreme Court president prompted reactions even though his position on this issue is well known. Justice Minister Francisco Cumplido Cereceda labeled Correa's remarks personal.

[Begin recording] [Cumplido] Obviously, we disagree with him. The bill reforming the judiciary that Correa has studied is the one that was sent to Congress initially and not the one that the Chamber of Deputies finally approved. The approved bill is different. [end recording]

The justice minister insisted that there is a crisis in the judiciary branch and downplayed the chief justice's call to be on the alert. [passage omitted]

Communists Oppose U.S. Campaign Against Cuba

PY0303134292 Santiago Radio Chilena Network in Spanish 1000 GMT 3 Mar 92

[Text] Communist leaders Volodia Teitelboim and Manuel Cantero have met with Foreign Minister Enrique Silva Cimma to ask him to prevent Chile from joining the U.S. plot to destabilize the Cuban regime. The communist leaders also asked the foreign minister to allow former GDR leader Erich Honecker into the country.

[Begin unidentified individual recording, in progress] ...Chile to refrain from joining the plot prepared by the United States against a Latin American country which

defends its own system and regime in accordance with the international principle of self-determination. [end recording]

The communists stated that the U.S. Administration is merely trying to impose its will in Cuba, as it has done in Panama, Grenada, and the Persian Gulf.

Concerning the situation of Honecker, Teitelboim and Cantero asked the foreign minister to grant him asylum because the principle of granting refuge to a man persecuted politically is essential.

* Impact of 'Surprising' Peso Revaluation Viewed

92SM0269B Santiago QUE PASA in Spanish 27 Jan 92 p 41

[Text] Considered untimely by exporters, the revaluation appears to be aimed at one goal in particular: to increase consumption just before elections without losing control over inflation.

Although a revaluation had been envisaged in most of the forecasts made by economists at the beginning of 1992, the fact is that the widening of the exchange rate's floating range and the 5 percent drop in the dollar value caught the majority of operators by surprise. The measures were announced in a brief communique from the Central Bank at 2100 on Wednesday, when the entire country was engrossed in the outcome of the case involving the hostages.

The news struck the exporting sectors like a bucket of cold water. The deterioration in the real exchange rate that occurred during 1991 has now been compounded by the effects of these measures. The increase of the dollar spread allows it to decline as much as 10 percent, which would severely affect the competitiveness of Chilean products abroad. The Association of Exporters of Nontraditional Manufactured Products, Asexma, reacted indignantly, as did fruit exporters. They claim that the authorities have again harmed types of industry that are the driving forces of the economy. The president of Fedefruta [Federation of Fruit Producers], Ricardo Ariztia, remarked: "This will be a fatal blow to many small farmers." The frosts at the year's end, the drop in prices on foreign markets, and the deterioration of the exchange rate have conspired to create an unauspicious outlook for the sector. Criticism has also been voiced by business owners in industries that substitute for imports, because the imported products are now cheaper.

Although the Central Bank president, Roberto Zahler, denied that the direct purpose of the range expansion was to attain the target of 15 percent inflation for 1992, the majority of analysts, such as Jorge Desormeaux, declared: "The only foreseeable effect is an easing of inflation."

At the end of 1991, when economists from different sectors projected the year, most of them predicted that inflation would exceed by several points (about 20 percent) the projections made by the authorities. This was due to the fact that spending had been expanding faster than production. During 1991 public consumption increased 9.5 percent. In the opinion of economist Erik Haindl, this fact would cause another outbreak of inflation during 1992; but these measures will make it possible to reduce the inflation levels projected for the year by three points. "My calculations predicted an inflation of 24 percent. With this, it will be possible to reach a level of 21 percent." Many believe that the Central Bank's decision has obvious electoralist implications.

With the municipal elections in view, keeping inflation low (allowing increases in consumption that have been occurring and will continue, now with cheaper imports) favors the government's prospects, because it does not force it to curtail its spending levels. As a response to this concern, Minister Foxley announced that he would increase public savings from 2.1 percent to nearly 3.2 percent of the GDP, "to ensure the positive effect of the Central Bank's measures on growth and stability." However, he did not specify how the cuts would be made. Higher levels of spending and imports could give rise to an overheating of the economy, which at some point might require making an adjustment, such as those well known to the Chilean economy.

However, we should not overlook the fact that the Central Bank has been confronting a genuine pinch. To recover monetary control, the issuing institution had to choose among three options: to issue, to raise the interest rate, or to allow the real exchange rate to fall. It opted for the latter but, in the view of some analysts, given the overabundance of dollars, the price of foreign exchange could return to its place at the bottom of the range again. Moreover, with the measure of cashing dollar deposits, the supply might increase even more, because those who had their savings in foreign currency could liquidate them, so as to change to a more attractive option. The decision to revalue could have other undesired effects in the realm of foreign investment as well. Owing to the size of its market, Chile is not an attractive marketplace in itself, except as an export platform for investors.

* PPD Favors Trade Agreement With Bolivia

92SM0269D Santiago EL MERCURIO in Spanish 8 Feb 92 p C3

[Text] The party's secretary general argued that the northern countries represent an advantageous trading zone for Chile.

Warning that the Ministry of Foreign Relations has disregarded the expectations of economic integration with Peru and Bolivia, the PPD [Party for Democracy] secretary general, Sergio Bitar, stated yesterday that he had proposed to the Chilean Ministry of Foreign Relations the prompt signing of a free trade treaty with Bolivia.

He pointed out that the signing of the Ilo Accord is not a secondary matter for Chile. For this reason, he cautioned that speedy progress is necessary, so that Chile may become the link in a large area covering a considerable portion of Peru, Bolivia, and northern Argentina.

He stressed: "In this type of situation, we must move faster. Important steps have been taken in other zones: the progress with Argentina has been significant. With the north, however, we must consider a strategic projection of larger scope, because that zone has the greatest international interaction of any other area along the Chilean border."

According to Bitar, Chile has an advantage over any other nation that might want to conclude a free trade agreement with Bolivia. He specified that zero tariffs could be achieved with that country, noting that Bolivia is offering a large group of raw materials useful to Chile.

He indicated that Bolivian gas would make possible the construction of gas pipelines, and that lumber exports from that country to Japan could facilitate the processing of these materials on Chilean territory.

He added that purchases of food products brought from more distant countries could now be made from Bolivia.

He expressed the view that, "There is an obvious advantage for Chile in its capacity to market, process, and expand the services base in the north, and to embark on industrialization. For the Bolivian side, the advantage consists of maximizing its development."

Bitar was of the opinion that Latin America should not concentrate its interest so much on the coasts, but rather on the countries' interior regions.

He said that other additional measures need to be accelerated with that country, such as the elimination of visas, the execution of a more active infrastructure plan, and the construction of more expeditious routes between Chile and the Bolivian city of Oruro.

Colombia

U.S. Engineer Released by FARC Captors

PA0303221492 Paris AFP in Spanish 2111 GMT 3 Mar 92

[Text] Bogota, 3 Mar (AFP)—Michael James, a U.S. engineer who was kidnapped by guerrillas in northwestern Colombia 26 days ago, was released safe and sound on 3 March, reported spokespeople for the Ingeominas (Mine Engineering) state company for which he works.

James, 40, was kidnapped by members of the 5th Front of the Revolutionary Armed Forces of Colombia (FARC) on the outskirts of Mutata, Antioquia Department, on 6 February as he engaged in field work with Colombian workers.

The engineer's release took place at midday on 3 March in the mountainous region near Mutata, where he was greeted by relatives, underwent a medical checkup, and was taken to Medellin, the sources added.

Local authorities and sources close to James, who were approached by newsmen, refrained from saying if any ransom had been paid for his release.

Guerrillas Attack Barrancabermeja Oil Facilities

PA0303195092 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Mar 92

[Text] Bucaramanga—The people of Barrancabermeja are now without cooking gas service as a result of guerrilla attacks on the petroleum infrastructure in this region. The guerrillas acted simultaneously against the gas pipeline in Penjamo, the oil pipeline that transports crude from Puerto Wilches, and the fuel pipeline running from El Centro to the refinery.

Colombian Petroleum Enterprise personnel are inspecting the damage, which has halted operations at three refinery installations and at the Colombian Fertilizer Enterprise. Although the losses from the new guerrilla acts have yet to be estimated, they are believed to be huge.

Placed Under Military Control

PA0403040092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Mar 92

[Text] A large part of the Middle Magdalena area has been placed under military control following a new wave of terrorist attacks by the National Guerrilla Coordinating Board. Several attacks have paralyzed part of the operations in the petroleum processing complex in Barrancabermeja.

The five attacks took place simultaneously along the road to El Llanito Corregimiento. The most serious ones damaged the Payoa-Barrancabermeja gas pipeline and the central gas pipeline, which left the petroleum port without any domestic cooking gas. Approximately 17,000 households have been without cooking gas service since 2 March. Repair work on the gas pipelines has not yet started because of serious leaks running 26 km.

There were other attacks on the oil pipelines that carry crude oil from Mina, Huila Department, and Cocornal, Antioquia Department, to the industrial complex. Another attack against the oil pipelines took place less than a month ago.

Finally, the last bomb was placed on the oil pipeline that carries fuel from Barrancabermeja to Santa Fe de Bogota. Several of the explosions caused fires that were finally controlled on 3 March.

This new terrorist escalation has brought to a standstill the operations of the petroleum complex of the Colombian Petroleum Enterprise, and has created an emergency situation in supplying fuel and raw materials for national industry.

Ecuador

* Duran, Dahik on Foreign Debt, Domestic Issues

92SM0255A Guayaquil EL UNIVERSO in Spanish 25 Jan 92 p 4

[Report on interview with Sixto Duran-Ballen, Republican Unity Party presidential candidate, and his vice presidential running mate, Alberto Dahik, leader of the Conservative Party of Ecuador, by EL UNIVERSO; place and date not given]

[Text] A government of peace and actions oriented toward a solution of the most pressing social problems in accordance with a policy of encouraging private enterprise and guarantees for investment: a government that above all is prepared to take the measures necessary to change the nation's course in history. That is the government offered by Architect Sixto Duran-Ballen and Economist Alberto Dahik Garzozi, the candidates nominated for the nation's two top offices by the coalition formed by the Republican Union Party [PUR] and Conservative Party of Ecuador [PCE].

Duran-Ballen and Dahik met with the Enlarged Editorial Board of the daily EL UNIVERSO and thereby became the first pair of candidates for those offices to attempt to find responses and solutions to the great variety of concerns expressed by the public.

Forming the Best Team

Presidential candidate Duran-Ballen began by stating his conviction that as head of state he should, in practice, head a working team made up of the best persons regardless of their political affiliation—a group of people who are always guided by a sense of honor and responsibility and who, he said, will not attempt to resolve everything, because they will not be trying to deceive others or deceive themselves.

"This is the way I operated whenever I held public office—in the Ministry of Public Works, in the Municipality of Quito, or on the Housing Commission—and in which I believe I discharged my duties successfully," he explained. He believes his service in those capacities has enabled him to know the entire nation—to get to know its potential, its resources, and its people and thereby be able to design corrective measures.

Change of Course

Alberto Dahik accordingly believes that the main problem to be solved is how to prevent our society from perishing—from being left behind in history—because it failed to understand and interpret the course of human events. "We have failed to understand that human freedom, human creativity, and participation in intermediary partnerships are—and should be—the engine of society," he declared. "We have continued to believe in a series of concepts, and practice a style of politics, that conflict with the orientation that society—and the Ecuadorian nation—should have."

Dahik believes that Ecuador is falling behind, and that in order to get it on course you need not only someone to manage it but someone to provide it with spiritual leadership and tell it which route to take. "I sincerely believe," he declared, "that at this moment there is no other person in Ecuador of the moral quality, credibility, and sincerity of Sixto Duran-Ballen to bring about the historic transformation that the nation requires."

He explained that as soon as this change in course is established—which should, moreover, be a milestone in history—solutions to the remaining problems will arise as logical consequences.

How To Deal With the Nation's Problems

Duran-Ballen believes that before starting any new public works a detailed inventory of the works already constructed should be taken, to determine which are functioning and which are not. His government will accordingly give priority to getting all the nation's unused plant capacity and superstructure—which he said he had determined to be abundant—into operation.

In the area of health care, he spoke of hospitals that have sophisticated equipment but lack the electric power to put them into operation. With respect to irrigation, he pointed out that merely putting all the nation's canals into operation would increase total irrigated acreage—and therefore agricultural production—by 240 percent. Similar situations, he said, exist with respect to forestation, land settlement, fishing, and other income sources, which he insisted should be fully exploited before thinking about new projects.

Duran-Ballen said that during his presidency he would encourage serious exploration of Ecuador's mineral resources and improve exploitation of its petroleum resources. He announced that he had initiated contacts with countries such as Israel and Japan in an effort to obtain technical assistance and long-term loans in situations appropriate for development projects.

Eliminate Corruption and "Centralism"

All this, however, can be achieved through the elimination of administrative corruption.

In the opinion of Alberto Dahik, the problem of administrative corruption has two facets: first, the overall crisis of society—a moral decline against which a government can mount long-range moralization campaigns; and second, the obstacles that exist in the public sector, which cause every transaction to involve a bribe.

To counteract this situation, Dahik believes it essential that the person who heads the government be honorable not only in fact but in appearance as well. "This exercises an influence everyone can understand," he pointed out, "because if the minister himself steals, the undersecretaries will commit assaults and the departmental directors will engage in theft, extortion, robbery, and murder. When the perception is that corruption begins at the top, everything falls into decay."

He said that administrative simplification is the easiest course to take in these cases, and stated emphatically that debureaucratization would become a reality in the PUR-PCE government.

For his part, Sixto Duran-Ballen declared that in order to reduce the incidence of corruption it is essential that the public services be managed as if they were in private hands, adding that if it becomes necessary to privatize in order to achieve this objective, it will be done. He indicated that he was also in favor of simplification, citing as an example the fact that when he entered the mayor's office in Quito a total of 25 persons worked in the secretariat, and when he left there were only eight. This result was achieved, he said, by not filling the vacancies that occurred and by reassigning employees to posts where they were needed.

The presidential candidate promised to carry out decentralization—another factor that is indispensable in order for the state to function—as he did at the Housing Bank and Board, where he speeded up procedures, granted loans, divided the country into regions, and created branches of the bank in the 21 provinces.

Controls

The only controls will be those that are necessary, Duran-Ballen indicated, because having an abundance of controls not only does not prevent corruption but has tended to cause sluggishness in government. He believes that controls have been carried to the extreme. As for price controls, the economist Dahik insisted that they have not worked in any society in the world. Controls, he said, have not brought about economic growth, increased employment, increased production, or eliminated inflation—goals that have been achieved in other countries using different mechanisms.

Speaking of inflation, Dahik said it results from the tremendous growth of government spending—growth which has even outstripped inflation itself, the increase in the amount of money in circulation, and the growth of the private sector.

The Foreign Debt

Alberto Dahik believes that to convert the foreign debt into capital it is necessary to encourage and develop a capital market and modernize the Ecuadorian economy. He believes that a solution to the debt problem will require privatization, incentives to attract capital, debt conversion, a reduction in the size of the public sector, a reduction of inflationary pressures, a strengthening of the capital market, and development of the "engine" that will being in foreign capital.

"We cannot think in terms of a single instrument," he insisted, "but must realize that a number of instruments must be employed in combination to implement economic planning and objectives that are clear and coherent." He also explained that the foreign debt has not been a burden for the government but rather for the creditors, inasmuch as nothing has been paid. "How would it have been possible to pay something that has increased from $2 billion to $13 billion?" he asked.

Indian Problem

Respect for the Indians and their integration into the rest of society will be one of the goals of his administration, Duran-Ballen indicated.

"We must respect their cultural characteristics and their language," he said. "When I was a legislator I was able to obtain urgent consideration of a declaration making Quechua an official language in those provinces that have a majority Indian population, but the declaration was never implemented," he recalled.

Depoliticization of the Courts

Depoliticization of the court system requires coherent legislation that will not be enacted so long as Congress is divided in its actions, Duran-Ballen said. In his opinion a law should be created whereby—as in other parts of the world—the judiciary would be a career, with its own system for making appointments in accordance with a candidate's ability rather than political considerations.

A "Co-government?"

Sixto Duran-Ballen was unwilling to talk of a PUR-PCE "co-government," because he insisted that it would amount to operating from a single base. "We shall not function as an employment office for either party," he insisted.

He said that both parties have retained complete freedom to work with the best people regardless of their position, with the proviso that it is the president who will always make the decisions.

He criticized the limitations placed on the action of the Independents under the existing Law on Political Parties, and also the fact that this law permits the proliferation of small parties that distort the national political picture.

Duties of the Vice President

Duran-Ballen voiced his conviction that the vice president should not have a mere "dead end" job but should be "in the loop" and part of the president's team—not

only because he is the potential successor to the presidency but because it is essential that he work on a continuing basis with the chief executive to solve the nation's problems.

In addition to endorsing this view, Alberto Dahik was optimistic about what it would be like to work in the government with Duran-Bellen, because he believes that their personal friendship of many years will facilitate a relationship which he described as "potentially difficult," citing examples from previous governments.

[Box, p 4]

Priorities

Sixto Duran-Ballen announced that the areas of health care and potable water are the sectors that should receive top priority when he becomes president.

He said that preventive health care should take precedence over remedial treatment. On the question of water, he said that solutions should be sought that are in accordance with the realities of the different regions of the country, with the possibility of employing decantation, melting snowpacks, drilling wells, or resorting to desalination where necessary. The candidate said that according to one study it would take from 10 to 13 years to bring potable water to every town with a population greater than 2,000—which gives one an idea of the magnitude of the problem in Ecuador.

Agriculture is another priority area, he said, with controlled settlement of rural areas as the objective, for which it will be necessary to change the attitude of the lending institutions.

The candidate of the PUR-PCE coalition said education is another area that will receive priority attention. He stated that he will respect university autonomy but will provide assistance on an individual basis to any institution that wants to participate in certain aspects of development by strengthening its technical programs and its research in science and technology.

"In this way," he declared, "I shall demonstrate once again that I am not a man of silence but a man of action. I don't talk much," he said, "but I get a lot done."

[Box, p 4]

He Will Make Decisions After Listening to Everyone

In response to those who are anxious to know who will head his Economic Front, Sixto Duran-Ballen was emphatic in saying—with respect to this "front" as well as all the other "fronts"—"I shall head it, because otherwise I would not be president."

He said he will make his own decisions, after hearing everyone's views. "I believe I have demonstrated—just within the past few days—that this is the way I operate," he declared.

As for the profiles of those who will be his closest collaborators, he said that the minister of foreign relations should be someone who is profoundly knowledgeable of Ecuador's problems—someone who has a very open mind but is unemotional. "It should be a person of judicious temperament who has experienced the reality of Ecuadorian life," he emphasized.

Duran-Ballen believes that the Ministry of Government is the most difficult post to fill, and refrained from commenting on possible candidates.

He stated that in all the ministries he would like to have people who have an unquestionably clean record. He explained that he has made no offer in this regard.

When asked about the apparent need for a "tough" person in the government, he answered that he had demonstrated by his deeds that he is able to act decisively, "as was the case in 1978, when they asked me to withdraw from the election campaign and interrupt the process. My decision was not to do it," he emphasized, "and I was able to stay in the race."

Paraguay

Rodriguez Address on Aid to Cotton Growers

PY2802132692 Asuncion Red Nacional de Television in Spanish 2300 GMT 27 Feb 92

[Address to the nation by President Andres Rodriguez from his office at Lopez Palace in Asuncion on 27 February; live or recorded]

[Text] Dear fellow countrymen:

Tonight I would like to address all my fellow countrymen, irrespective of their political or socioeconomic affiliations, to focus on an acute problem that is a cause of concern for thousands and thousands of peasant families and that also affects our overall economy.

Everyone is aware of the acute crisis affecting the international prices of our main agricultural product: cotton. After reaching the price of $0.85 per pound during the 1990-1991 harvest, the cotton price this year is only reaching $0.53 per pound. This means that the highest price a cotton grower can collect barely amounts to 270 guaranies per kilogram. This drop in the cotton price from 500 guaranies or more per kilogram to 270 guaranies per kilogram represents a 46 percent loss that will have a heavy impact on the cotton growers' economy.

It is known that cotton is Paraguay's main source of foreign currency. Last year, cotton exports totaled $320 million; that is, it accounted for 43 percent of our country's overall exports. Moreover, most of our farmers grow cotton. More than 170,000 families; that is, 1 million Paraguayans are currently affected by the low international prices for cotton.

My government shares the concern of so many families and is in solidarity with them in light of this serious situation, which is a threat to the efforts and hopes of so many Paraguayan citizens. I have closely followed the developments of this problem and I have designed various mechanisms to solve or mitigate the distressing situation affecting a large segment of the Paraguayan peasant population.

Just as when in better times—when international prices were high—cotton brought good things to the country, now that cotton prices are low I believe it is only fair for the whole country to shoulder the losses and share the enormous sacrifice of our dedicated farmers.

In the face of this truly national emergency situation, my government has decided to help the productive sector, the dedicated and modest peasant, by putting into motion a promotional plan that will seek two objectives: First, it will create an emergency fund that will make it possible to pay a more just price for cotton despite the decline in international prices; secondly, some measures will be adopted to ensure that cotton growers collect 450 guaranies per kilogram, strictly supervising these operations to avoid any possible distortion. To this end, I have given instructions to the ministers of the National Economic Team to make sure that all these operations are crystal clear.

The resources earmarked for this fund will come from the national budget or from nonbudgetary funds of state-owned companies. It will not be raised by issuing currency without adequate backing because this would fuel inflation.

An agricultural diversification program also will be implemented to promote the search and development of alternate crops within an ambitious framework of international marketing. To this end, the Agriculture and Livestock Ministry is identifying a dozen crops with which our farmers are familiar and that they can easily grow. The Industry and Commerce Ministry and the private sector also will undertake an industrial reorganization program designed to process our raw materials and make our export items more competitive.

In light of this serious situation experienced by Paraguayan farmers and being sensitive to social problems, the national government has analyzed and adopted adequate emergency measures and it has thus offered prompt, feasible, and effective solutions.

This plan will require a great sacrifice by the entire nation, but this effort will bring us closer together and will make us stronger in the future.

I hereby request the support of all citizens, of those who are better off economically, and of the farmers themselves to overcome this crisis.

Paraguayan peasants are today enjoying peace and freedom. These benefits and rights will be insufficient for the peasants if they are deprived of getting a just reward for their efforts. Thank you.

Council Approves Measures

PY2802233892 Asuncion NOTICIAS in Spanish 28 Feb 92 p 11

[Summary] The State Council approved yesterday a package of measures to subsidize cotton at 450 guaranies per kilogram. Decree Law 111 created the Producers Aid Fund, providing 73.5 billion guaranies to contribute to the 1991-1992 cotton harvest. The central administration and some decentralized government organizations will provide 20 billion guaranies. This amount will come largely from the Agriculture Ministry, the Agrarian Reform Institute, and the Agricultural Credit Fund. Also, 5.354 billion guaranies will come from taxes; 16.146 billion guaranies from other sources; and 32 billion guaranies from internal credits. The government contribution will only cover 600,000 metric tons of cotton. Decree Law 113 also authorized the Central Bank to transfer to the national Treasury 9.646 billion guaranies from its net profits to contribute to the cotton harvest. Paraguayan Petroleum, Inc. will also transfer to the Treasury 6.5 billion guaranies of its net profits from the 1991 fiscal year for this purpose.

General Garcete Explains Mission of Military

PY0203215992 Asuncion ULTIMA HORA in Spanish 2 Mar 92 p 11

[Text] Army Commander General Humberto Garcete has said that military institution is stimulating a new mentality and wants to be looked upon as the "Armed Forces of the Nation, not of a sectorial group." He admitted, however, that this task "is not easy" under present circumstances.

Garcete explained the mission of the Armed Forces, saying that they have well-defined responsibilities that must be fulfilled. He said: "We have the obligation and the responsibility of guiding the destiny of the Armed Forces. Our ideas have changed."

Garcete said: "This change of mentality is not easy but we want the Armed Forces to be looked upon and respected as the Armed Forces of the Nation, not of a sectorial group."

He pointed out that the guidelines for reaching that objective and the change of concept regarding the Armed Forces are being implemented to consolidate the "respect" for the Armed Forces as a national institution.

Garcete also indicated that some "aspects" of the activities of the Constituent Assembly are creating concern, but he did not specify which ones. He expressed confidence, however, that the members of the Constituent Assembly will faithfully and effectively draw up a new constitution.

He said: "I believe that they will fulfill their commitment with the country and the future of the nation. I hope the Lord will guide them and enable them to draw up a constitution that will enable our people to live the way they want."

President Elected for 'Asuncion for All' Movement

PY0203190792 Asuncion NOTICIAS in Spanish 2 Mar 92 p 6

[Summary] Lilian Soto will be the president of the Asuncion for All, APT, movement until 1994. The other members of the APT executive board, who also were elected on 1 March, are: Alfredo Boccia, Oscar Rodriguez, Irma Perez, Victor Hugo Duarte, Jorge Rubbiani, Ireneo Aveiro, Fernando Kurtz, Alejandro Recalde, Saturnina de Barreto, Desiree Masi, Alcira Mendoza, Oscar Caceres, Natividad Aquino, Alejandra Wood, Jose Nicolas Morinigo, Hugo Rodas, Nils Wiezell, and Luisa Soler.

Peru

Peasants Cite Position on Coca Production

PY0303130092 Lima LA REPUBLICA in Spanish 15 Feb 92 p 17

[Statement issued by the Peasants Confederation of Peru, the Agrarian Support Institute, and the Andean Foundation]

[Text] The second presidential antinarcotics summit will be held on 26-27 February in San Antonio, Texas, with the Andean countries—minus Chile—Mexico, and the United States participating. A document drafted by the United States was delivered to the respective foreign ministries but not to civilian institutions like the peasant organizations.

Even so, our organizations have discussed and criticized the policies that have been implemented. Our demands can be summarized in the following main points:

1) Coca growers are producers, not drug traffickers. Consequently, it is assumed that coca growing should be legalized and that the WHO's [World Health Organization] ruling against coca leaf in 1992 should be revoked and withdrawn from the black list of drugs drafted by the Vienna Convention in 1988. Conditions should be generated to promote its alternative beneficial use, and its commercialization should be entrusted to decentralized institutions.

2) The coca plantations' extent depends mainly on the strong international demand, and reducing production is subject to the decision of the international community, especially of the United States, to accept the consequences of coresponsibility and to admit that the problem of drug abuse is caused by the use and not by the production of coca leaf from which the producers seek to obtain some benefit. We admit the existence of excessive coca plantations. This problem can be solved through a coca replacement program if we receive the necessary resources to do so.

3) We strongly reject any attempt to repress illegal drug trafficking through the militarization of the civilian society, especially in Andean tropical regions. We demand the dismantling of the Santa Lucia Base in Peru; the end of military operations in Chapare, Bolivia; and the withdrawal of DEA personnel from our countries.

4) We reaffirm that coca plantations represent a cultural focal point and an economic source for peasants. We regard it as a natural resource of our people, as a part of the life of our ancestors. We believe that the struggle against drug trafficking and drug abuse should be aimed at final producers, within the framework of the respect for coca growers and that there should be rigorous environmental control in the affected areas.

5) We believe that any strategy should first consider the coca producers and their organizations. This situation requires the U.S. Government to distinguish the realities and its responsibilities in a just and consistent manner, that the governments accept our organizations as legitimate interlocutors and that the international community must modify the agreement and laws that seek to infringe our people's rights.

Signed: Peasants Confederation of Peru (CCP), Agrarian Support Institute (IAA), Andean Foundation (FA).

New Group Kills 8 People for 'Moral Reasons'

PA0303141492 Madrid EFE in Spanish 0314 GMT 3 Mar 92

[Excerpt] Lima, 2 Mar (EFE)—Eight people were killed on 2 March by a new terrorist group which has emerged here. The group gave moral reasons as justification for the murders, the police of Huaral City, 60 km north of this capital, reported.

A communique signed by Commander "German" [not further identified] of the "People's Guerrilla Front" claimed credit for the eight killings staged on 2 March.

This is the first time this group has claimed responsibility for a murder in Peru, where the Shining Path guerrilla group has been active since 1980 and the Tupac Amaru Revolutionary Movement made its appearance in 1984.

Authorities, however, only found the bodies of three persons in some bushes. According to the note left by the terrorists, the victims were drug users; the group claims it seeks to eliminate drug users, criminals, and homosexuals. [Passage omitted]

Venezuela

Naval Command Post Attacked in Ciudad Bolivar

PA0303150992 Paris AFP in Spanish 1446 GMT 3 Mar 92

[Text] Caracas, 3 Mar (AFP)—Caracas' Radio Rumbos has announced that early on 3 March, unidentified men attacked the Fluvial Command of the Venezuelan Navy in Ciudad Bolivar, approximately 500 km southeast of Caracas, and set fire to a military vehicle.

The attack, which took place from a speedboat, was carried out with long- and short-range weapons. It took place two days after a young lieutenant and four other individuals attacked the guards and stole 40 weapons from the Caracas military fortress at Fuerte Tiuna.

More on Incident

PA0303222192 Caracas Venezolana de Television Network in Spanish 2024 GMT 3 Mar 92

[Text] Rear Admiral Jose Rafael Huizi Clavier, Defense Ministry spokesman, has reported on the events that occurred in Bolivar City in the early hours of 3 March.

[Begin recording] [Huizi] The situation is now normal. An incident did occur before dawn on 3 March. Three unidentified individuals harassed a naval command. At approximately 0130, three unidentified persons hurled a molotov cocktail at the naval command installation, causing a fire that destroyed a spool of cable. A few rifle shots were also heard. The defense plan was activated immediately and the attackers were repelled without further damage.

These three persons fled on foot along the north wall of the naval command that faces the Orinoco River. The persons have not yet been identified and the investigation is continuing.

[Reporter] Is there any connection between this and the weapons theft at Fort Tiuna?

[Huizi] I cannot confirm any connection. There could be a connection, and that possibility is currently being investigated.

[Reporter] Regarding the colonel who was in command at the San Carlos Headquarters, what will happen to him as a member of the Armed Forces?

[Huizi] The replacement of Col. [Felix] Castillo Liberos follows the violation of certain established procedures at that military stockade. His transfer was ordered by the minister of defense, and his replacement, (Col. Cabrero Sol), took command of the military detention center.

[Reporter] Why was he replaced?

[Huizi] As I said, it was due to a violation, to noncompliance with established procedures as detailed in the regulations.

[Reporter] What procedures were violated?

[Huizi] One example is a regulation prohibiting the entrance of recording equipment and other similar media. In view of several statements and interviews published in the media on 2 and 3 March, it is clear that just such equipment was used to tape the interviews. That is a violation of the regulations.

[Reporter] There have been rumors of disturbances at other headquarters and of officers being arrested. Are these rumors true?

[Huizi] The Ministry of Defense would like to take advantage of this opportunity to deny those rumors. Except for the events at the naval command on early 3 March, the military situation is completely normal. We expect to return gradually to an absolutely normal situation in a very short time. Military units have been reinforced with additional personnel. The Armed Forces remain on a state of alert. The situation, however-....[pauses] There is no unrest in the Armed Forces. The situation is completely normal

[Reporter] What does the Ministry of Defense know about Lieutenant Bracamonte?

[Huizi] We have no information on Alvarez Bracamonte. We are continuing to carry out inspections and searches in different places in Caracas and in the rest of the country, but there is no information on the lieutenant's whereabouts or the stolen weapons. We are continuing the search in which all government security agencies are involved. [end recording]

Authorities Increase Security

PA0303193792 Mexico City NOTIMEX in Spanish 1811 GMT 3 Mar 92

[Text] Caracas, 3 Mar (NOTIMEX)—An armed attack on a military garrison in the country's southeast and a prison riot in the southwest on 3 March prove that tension is prevailing in that South American country.

Three unidentified men with rifles attacked the Ciudad Bolivar command post, 600 km southeast of Caracas on the shore of the Orinoco River, in an incident that ended without casualties and resulted in the destruction of an official vehicle, according to a military communique.

Antonio Jose Godoy, military commander in Bolivar State, explained that the military foiled the attack, perpetrated at 0112 (0512 GMT). He said that the attackers fled from the site.

Military authorities previously had stated that no Armed Forces members were involved in the attack, and they denied reports of an alleged skirmish between loyal troops and rebels.

A Caracas radio station, YVKE Mundial, said 19 soldiers had deserted from the Orinoco River command post. The report could not be confirmed officially.

The incident occurred two days after Lieutenant Raul Alvarez and four unidentified men attacked an armory at the Defense Ministry.

Meanwhile, clashes occurred for the second consecutive day between inmates at the prison in Barinas, 515 km in the southwestern part of the country.

Five inmates were injured on 3 March in a fight between rival groups. The National Guard and police surrounded the premises to prevent new violent outbreaks, YVKE Mundial said.

Reports from Barquisimeto, 350 km to the west, report that the homes of Alvarez' relatives and friends were raided. Similar acts were perpetrated by the Military Intelligence Directorate (DIM) in Caracas.

Military forces and the police are maintaining strict surveillance of military installations in that regional capital, while authorities investigate the theft of weapons and its possible link with the foiled coup d'etat one month ago.

Access to Fuerte Tiuna, the Defense Ministry's Headquarters in Caracas, was strengthened with barricades of sandbags, barbed wire, and the stationing of troops equipped with mortars and rifles.

Media reports say that the security measures reportedly reveal that the 29 February attack had more critical implications than the mere theft of 40 rifles and submachine guns.

On 3 March, Deputy Army Commander Oswaldo Suju Rasso continued a series of visits to garrisons throughout the country. He admitted that Armed Forces members have remained restricted to their quarters since 27 February. He declined to give details.

Security measures for journalists arriving at Miraflores Palace, government headquarters, were stepped up while President Carlos Andres Perez held meetings that were not on his official agenda.

General Alert Confirmed

PA0303214292 Madrid EFE in Spanish 2024 GMT 3 Mar 92

[Text] Caracas, 3 Mar (EFE)—The Venezuelan Armed Forces have been on a general alert since 1 March. Troops will be confined to their quarters until "a normal situation gradually returns," Rear Admiral Jose Rafael Huizi Clavier, Defense Ministry spokesman, reported on 3 March.

The Armed Forces declared a state of alert on 1 March following an attack on the Defense Ministry headquarters in Caracas by Army Lieutenant Raul Alvarez and three civilians. A total of 40 long-range weapons were stolen in that attack.

The general alert was reinforced following an early morning incident at the Navy River Command in Ciudad Bolivar on 3 March. "We believe things gradually will return to normal, at which time we will lift the confinement order," Rear Adm. Huizi added.

On 3 March, a group of armed men attacked the Navy River Command in Ciudad Bolivar in the southeast of the country and escaped without causing casualties, the Defense Ministry spokesman reported.

The spokesman also said that on 3 March Colonel Felix Castillo, director of the San Carlos headquarters, had been replaced "for failing to fulfill procedures established in the regulations for trying soldiers." Seventy-two officers, arrested after the foiled military rebellion on 4 February, reportedly are imprisoned at the San Carlos headquarters.

The spokesman said that the procedures regarding "the use of cameras and recorders within the office where the soldiers will be tried" were not followed.

The Venezuelan press published on 2 March several interviews and photographs of Lieutenant Colonels Hugo Chavez and Jose Francisco Arias, leaders of the coup attempt, who are under arrest at the San Carlos headquarters.

The general alert affects all air bases, National Guard regional commands, the Army, and Navy, the spokesman concluded.

Pressure Increases for President Perez To Resign

PA0303184492 Mexico City NOTIMEX in Spanish 1620 GMT 3 Mar 92

[Report by Alfonso Navarro]

[Text] Caracas, 3 Mar (NOTIMEX)—The announcement made by Venezuelan President Carlos Andres Perez that he will remain firm in his post has only intensified the pressure exerted by intellectuals and politicians who are demanding his resignation, while political excitement increased on 3 March.

The three leading political parties have agreed on the need to establish a constituent assembly to promote changes in the administration of justice and to establish a popular consultation midway through the term to evaluate the government's work.

Former Christian Democratic President Rafael Caldera (1969-74) and writer Arturo Uslar Pietri, who warned in October 1991 of a possible coup d'etat, reiterated it is necessary for Perez to resign. Caldera, political leaders, and influential individuals have pointed out that Uslar Pietri could replace Perez.

However, the leadership of the Christian Democratic Party (COPEI) maintains that "no one in his right mind can imagine who could control the situation, and this could further destabilize the country." The writer urged the Venezuelan military: "Do not allow yourselves to be

tempted. Do not throw yourselves into an unthinkable adventure," because no sector alone can save democracy.

Pietri added that "the Army's mere presence is enough to make blind politicians see the need to make amends and take certain steps regardless of how difficult that may be." Pietri made this statement one day after an Army lieutenant and four unidentified individuals attacked an arms depot at the Defense Ministry headquarters. The authorities have not dismissed the possibility that the incident is linked to the thwarted coup attempt on 4 February.

Although Eduardo Fernandez, secretary general of COPEI, the leading opposition party, refrained from calling for a presidential resignation, he said it is necessary to convoke a constituent assembly. Regarding Perez' resignation, he said "no more fuel should be fed to a raging fire. The fire should be put out, and we should get to the bottom of the problem." He urged the president to freeze gasoline prices as he did last week with the electricity rates.

The government plans to increase the price of gasoline, which at present is 5.5 bolivares, the equivalent of approximately 10 centavos of a dollar per liter (7.5 bolivares) in December. Since 1989 gasoline prices have increased by 500 percent.

The Movement for Socialism (MAS), the third largest political force, pointed out that Perez has not made the necessary decisions to resolve the crisis that emerged after the military coup attempt on 4 February, and called for "a cabinet that differs radically from the current one."

"If the president is not willing to make truly significant changes in the government's policies and behavior, his resignation is the best contribution he could make because it would allow for a democratic solution to the crisis," the MAS states.

The president said over the past weekend that he will conclude his constitutional five-year term on 2 February 1994; he reprimanded his critics, saying a request of resignation is equal to seeking through other means what was not accomplished through the use of force.

Meanwhile, the main reasons for the dispute between Perez' economic cabinet and the ruling Democratic Action Party (AD)—the increased gasoline prices and inflation control—emerged over the past few hours.

AD President Humberto Celli believes the increases are the leading causes of anti-government demonstrations, but Planning Minister Ricardo Haussman dismissed the possibility that there will be any changes in the policies governing price adjustments and austerity.

Meanwhile, AD Deputy Paulina Gamus, president of the Legislative Commission for Domestic Relations, hinted at the possibility of launching a tripartite agreement similar to Mexico's to combat inflation and increased prices.

The AD's National Executive Committee (CEN) will hold an extraordinary meeting on 3 March to consider the possibility of a transitional economic program and a broad based government. Scarcely a week ago Perez reformed his cabinet.

Consultation Council To Propose Reform Referendum

PA0303194992 Madrid EFE in Spanish
1754 GMT 3 Mar 92

[Text] Caracas, 3 Mar (EFE)—The Venezuelan Presidential Consultation Council will propose to President Carlos Andres Perez the holding of an "urgent" referendum to decide on a constitutional reform to permit elections for a constituent assembly.

Social Christian Party Senator Pedro Pablo Aguilar, spokesman for the eight members of the Consultation Council, told EFE on 3 March that the council will propose to President Perez the convoking of a referendum that may permit elections for establishing a constituent assembly "as soon as possible."

After meeting on 3 March with Attorney General Ramon Escovar Salom, Aguilar said: "We and the Supreme Electoral Council are going to study how much time is necessary for convoking a referendum, the results of which may permit elections to a constituent assembly. That is what we are going to propose to President Perez."

Aguilar noted that the consultation council, which was appointed by Perez last week to serve as an advisory body for the adoption of decisions following the foiled military coup of 4 February, is closing its first phase of interviews on 3 March and will meet in the next few hours with the chief of state to present its recommendations.

Aguilar said: "The most important recommendation we are going to present to Perez is that the Constitution be reformed immediately so that there may be a constituent assembly."

The representative of the council said there is no "national agreement" on the need for the Venezuelan president to resign, something that has been requested by Arturo Uslar Pietri—an intellectual—and former President Rafael Caldera (1969-1974).

Aguilar said: "Considering the grave current political crisis, the most important requirement is to safeguard constitutional order." Aguilar added that Defense Minister General Fernando Ochoa Antich "on 2 March personally guaranteed that from a military point of view, the situation is under control."

The Venezuelan Army has been on a state of alert since 1 March "for security reasons," according to what Rear Admiral Jose Huizi Clavier, a spokesman for the Defense Ministry, said on 2 March.

The current Venezuelan Constitution was approved in 1961. It does not foresee the possibility of convoking a

constituent assembly unless there is first a referendum that verifies that the people have the will to amend the Constitution.

A referendum may be convoked within 90 days after Congress approves such a convocation. If the referendum approves amending the Constitution, there will be elections to a constituent assembly immediately, and this constituent assembly must present a new constitution within a year. The new constitution must be approved in a new referendum, Aguilar said.

Aguilar said the Presidential Consultation Council and Supreme Electoral Council President Isidro Morales Paul will discuss the most opportune time for constitutent assembly elections so as not to obstruct the municipal elections scheduled to take place by the end of the year.

Attorney General Ramon Escovar has declared that if there is a referendum and elections, the calls for the resignation of President Perez "would be complementary, not excluding."

This past weekend President Perez flatly rejected the possibility of his resignation, saying: "That would be like accomplishing by other means what could not be accomplished by force in the early morning of 4 February."

*** Commentary Explores Reasons for Coup Attempt**

92SM0259A Santa Fe de Bogota SEMANA in Spanish 11 Feb 92 pp 50-51

[Text] The shooting did not even last a day, but the repercussions of the failed attempt to oust President Carlos Andres Perez and overthrow his democratic government could affect Venezuela for a long time. The questions that must be answered now are what happened and why, and what needs to be done to make sure that no one will ever again try to install a dictatorial regime in the nation which was the cradle of Simon Bolivar.

President Perez praised the young soldiers and other loyal officers who died defending his government as heroes "whom a grateful nation will always remember." But the bitter truth is that none of these young people should have died. Two weeks before the tanks and paratroop units attacked the Presidential Palace in Miraflores and the residence in La Casona, an informer told Major General Carlos Julio Penaloza (retired), who had been commander of the Venezuelan Army until June 1990, that there would be a coup in February.

This information was passed on to Ministry of Defense officials and two high ranking people in the Democratic Action [AD] government party. Penaloza had been following the careers of the conspirators since 1984, and had repeatedly warned the Defense Ministry and other government officials of the danger they posed to Venezuelan democracy. Although a number of investigations were conducted, none showed any proof of conspiracy on the part of those now involved.

The identities of the majority of the coup leaders were also known to the military authorities, for in November 1989 the Army Intelligence Division obtained a copy of a detailed plan to overthrow the government and asassinate the president and the then interior minister, Alejandro Izaguirre. However, nothing was done; the rebels attempted their coup, and now many Venezuelan families are mourning their lost sons. If the rebels deserve a lengthy stay in prison for their treason, the officers, government officials and AD politicians who knew of the imminence of the plot also deserve to be tried and punished, for they did nothing to avert this uprising.

The coup attempt began simultaneously in the cities of Caracas, Valencia, Maracay, and Maracaibo, shortly after midnight on Monday, 4 February. Several thousand soldiers in armored battalions and paratroop units of the Venezuelan Army took part in it. In Caracas and Valencia the rebels were also supported by some civilians, mostly university students who wanted to take part in a coup whose primary objective was to put an end to democratic order and to set up a civilian-military government junta to "save" Venezuela.

In a communique addressed to the nation from the city of Maracaibo, the rebel soliders justified their action as an initiative inspired by the ideas of the Liberator, Simon Bolivar. They called upon "all students and workers, intellectuals, the Church, and free men who have dreams and are prepared to take part in rebuilding Venezuela. We have no lust for power. We are not seeking a military dictatorship."

The uprising was planned by a group of lieutenant colonels, majors, and captains, all first-class professional soldiers under 40. Their minds had become infected by the conviction that they were better than other people in Venezuelan society, and that the civilian leaders of their nation were stupid, corrupt and responsible for the crisis from which Venezuela has been suffering for years.

All the conspirators were in the Army. No Air Force or National Guard officers were involved. At least 12 battalions—10 percent of the Venezuelan Army's 120 battalions—took part in the failed coup. The chief coup leaders were Lieutenant Colonels Hugo Chavez Frias, Miguel Ortiz Contreras, Francisco Arias Cardenas, and Francisco Urdaneta Rivas. Part of the group's influence was leftist and part followed a rightist line, but all its members shared the conviction that their "Bolivarian duty" was to rescue Venezuela from its corrupt political leaders and repair the tainted honor of the nation, and that this could only be done through a bloodbath.

Their first objective was to assassinate President Perez and assume power, but his death would only have been the start. Once in power, the rebels intended to conduct summary executions of any politician they might get hold of. The list of candidates for execution would certainly also have included trade union and business

leaders and other members of the nation's traditional elites. The "honor" of Venezuela was to be restored through a bloody ritual.

It is not clear why the armed forces and the government did not react two weeks ago. One causative factor may have been overconfidence in the loyalty of the military and the renown of Venezuelan democracy. Venezuelans have been muttering about a coup for years, as a way to "clean out" the political stables which are plagued by corruption, but very few people believed that tanks might actually one day surround the Presidential Palace in Miraflores.

Another possible reason is that the two top Democratic Action leaders who were informed about the imminence of the coup did not believe what they were told, or perhaps they decided not to say anything, hoping that Perez would be forced by events to "correct" an economic program which the government party had opposed since early 1989.

A third possibility which might explain why nothing was done to avert the uprising is related to General Penaloza's personal credibility, and the antipathy which persists against him for exposing fraudulent weapons and ammunition purchases by defense ministry officials. This ultimately led to the resignation of the president's director of personal security, Orlando Garcia, and left a shadow of uncertainty after the retirement of the then defense minister, Hector Jurado Toro. The Venezuelan military have always detested any officer who washes his dirty laundry in public.

Even though former President Rafael Caldera took this opportunity to attack the economic adjustment program in Congress, the rebels were not trying to turn the clock back and "correct" the Perez administration's policies. Their coup was an attack against the corruption, waste, and disorder which have come to characterize Venezuela's political system.

Could it happen again? Never, say President Perez and his defense minister. But the truth is that it could happen again if Venezuela's political leaders do not change their behavior and act more aggressively to reform the economic, political, and judicial system.

This means that the institutional reforms which the political parties deliberately postponed must be carried out rapidly; that the judicial, political, and electoral systems must also be reformed quickly; that the tradition of widespread corruption without punishment of any sort must come to an end; that the practice of making unfounded and false accusations in order to undermine political opponents must cease; and that the grave social crisis afflicting over 60 percent of the Venezuelan people must be dealt with urgently.

As long as oil maintained an illusion of inexhaustible wealth in Venezuela, the armed forces could be kept conveniently tranquil, just as other sectors were politically controlled, through the state's economic largesse. But those days are over now, and better ways of dealing with and satisfying the nation's real needs must be developed.

Still, the damage caused by those lieutenant colonels could affect Venezuela for years. The principal drawing card which Venezuela offered to foreign investment was the stability of its 34-year-old democracy. Unfortunately, that stability can no longer be taken for granted.